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

**FORM 10-Q**

**QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the quarterly period ended September 30, 2018

Commission file number 001-2979

**WELLS FARGO & COMPANY**
(Exact name of registrant as specified in its charter)

| **Delaware** | **No. 41-0449260** |
|---|---|
| (State of incorporation) | (I.R.S. Employer Identification No.) |

**420 Montgomery Street, San Francisco, California 94163**
(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code: **1-866-249-3302**

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes ☑ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files).

Yes ☑ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

| | | | |
|---|---|---|---|
| Large accelerated filer | ☑ | Accelerated filer | ☐ |
| Non-accelerated filer | ☐ | Smaller reporting company | ☐ |
| | | 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. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes ☐ No ☑

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

| | Shares Outstanding October 24, 2018 |
|---|---|
| Common stock, $1-2/3 par value | 4,707,244,168 |

**FORM 10-Q**
**CROSS-REFERENCE INDEX**


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# PART I - FINANCIAL INFORMATION

## FINANCIAL REVIEW

### Summary Financial Data

| ($ in millions, except per share amounts) | Sep 30, 2018 | Jun 30, 2018 | Sep 30, 2017 | % Change Sep 30, 2018 from Jun 30, 2018 | % Change Sep 30, 2018 from Sep 30, 2017 | Nine months ended Sep 30, 2018 | Nine months ended Sep 30, 2017 | % Change |
|---|---|---|---|---|---|---|---|---|
| | Quarter ended | | | | | | | |
| **For the Period** | | | | | | | | |
| Wells Fargo net income | **$ 6,007** | 5,186 | 4,542 | 16% | 32 | **$ 16,329** | 16,032 | 2% |
| Wells Fargo net income applicable to common stock | **5,453** | 4,792 | 4,131 | 14 | 32 | **14,978** | 14,814 | 1 |
| Diluted earnings per common share | **1.13** | 0.98 | 0.83 | 15 | 36 | **3.07** | 2.94 | 4 |
| Profitability ratios (annualized): | | | | | | | | |
| Wells Fargo net income to average assets (ROA) | **1.27%** | 1.10 | 0.93 | 15 | 37 | **1.15%** | 1.11 | 4 |
| Wells Fargo net income applicable to common stock to average Wells Fargo common stockholders' equity (ROE) | **12.04** | 10.60 | 8.96 | 14 | 34 | **11.08** | 10.97 | 1 |
| Return on average tangible common equity (ROTCE) (1) | **14.33** | 12.62 | 10.66 | 14 | 34 | **13.19** | 13.11 | 1 |
| Efficiency ratio (2) | **62.7** | 64.9 | 65.7 | (3) | (5) | **65.4** | 62.8 | 4 |
| Total revenue | **$ 21,941** | 21,553 | 21,849 | 2 | — | **$ 65,428** | 66,339 | (1) |
| Pre-tax pre-provision profit (PTPP) (3) | **8,178** | 7,571 | 7,498 | 8 | 9 | **22,641** | 24,655 | (8) |
| Dividends declared per common share | **0.43** | 0.39 | 0.39 | 10 | 10 | **1.210** | 1.150 | 5 |
| Average common shares outstanding | **4,784.0** | 4,865.8 | 4,948.6 | (2) | (3) | **4,844.8** | 4,982.1 | (3) |
| Diluted average common shares outstanding | **4,823.2** | 4,899.8 | 4,996.8 | (2) | (3) | **4,885.0** | 5,035.4 | (3) |
| Average loans | **$ 939,462** | 944,079 | 952,343 | — | (1) | **$ 944,813** | 957,581 | (1) |
| Average assets | **1,876,283** | 1,884,884 | 1,938,461 | — | (3) | **1,892,209** | 1,932,201 | (2) |
| Average total deposits | **1,266,378** | 1,271,339 | 1,306,356 | — | (3) | **1,278,185** | 1,302,273 | (2) |
| Average consumer and small business banking deposits (4) | **743,503** | 754,047 | 755,094 | (1) | (2) | **751,030** | 758,443 | (1) |
| Net interest margin | **2.94%** | 2.93 | 2.86 | — | 3 | **2.90%** | 2.88 | 1 |
| **At Period End** | | | | | | | | |
| Debt securities (5) | **$ 472,283** | 475,495 | 474,710 | (1) | (1) | **$ 472,283** | 474,710 | (1) |
| Loans | **942,300** | 944,265 | 951,873 | — | (1) | **942,300** | 951,873 | (1) |
| Allowance for loan losses | **10,021** | 10,193 | 11,078 | (2) | (10) | **10,021** | 11,078 | (10) |
| Goodwill | **26,425** | 26,429 | 26,581 | — | (1) | **26,425** | 26,581 | (1) |
| Equity securities (5) | **61,755** | 57,505 | 54,981 | 7 | 12 | **61,755** | 54,981 | 12 |
| Assets | **1,872,981** | 1,879,700 | 1,934,880 | — | (3) | **1,872,981** | 1,934,880 | (3) |
| Deposits | **1,266,594** | 1,268,864 | 1,306,706 | — | (3) | **1,266,594** | 1,306,706 | (3) |
| Common stockholders' equity | **176,934** | 181,386 | 181,920 | (2) | (3) | **176,934** | 181,920 | (3) |
| Wells Fargo stockholders' equity | **198,741** | 205,188 | 205,722 | (3) | (3) | **198,741** | 205,722 | (3) |
| Total equity | **199,679** | 206,069 | 206,617 | (3) | (3) | **199,679** | 206,617 | (3) |
| Tangible common equity (1) | **148,391** | 152,580 | 152,694 | (3) | (3) | **148,391** | 152,694 | (3) |
| Capital ratios (6): | | | | | | | | |
| Total equity to assets | **10.66%** | 10.96 | 10.68 | (3) | — | **10.66%** | 10.68 | — |
| Risk-based capital: | | | | | | | | |
| Common Equity Tier 1 | **11.91** | 11.98 | 12.10 | (1) | (2) | **11.91** | 12.10 | (2) |
| Tier 1 capital | **13.63** | 13.83 | 13.95 | (1) | (2) | **13.63** | 13.95 | (2) |
| Total capital | **16.79** | 16.98 | 17.21 | (1) | (2) | **16.79** | 17.21 | (2) |
| Tier 1 leverage | **9.22** | 9.51 | 9.27 | (3) | (1) | **9.22** | 9.27 | (1) |
| Common shares outstanding | **4,711.6** | 4,849.1 | 4,927.9 | (3) | (4) | **4,711.6** | 4,927.9 | (4) |
| Book value per common share (7) | **$ 37.55** | 37.41 | 36.92 | — | 2 | **$ 37.55** | 36.92 | 2 |
| Tangible book value per common share (1)(7) | **31.49** | 31.47 | 30.99 | — | 2 | **31.49** | 30.99 | 2 |
| Team members (active, full-time equivalent) | **261,700** | 264,500 | 268,000 | (1) | (2) | **261,700** | 268,000 | (2) |

(1) Tangible common equity is a non-GAAP financial measure and represents total equity less preferred equity, noncontrolling interests, and goodwill and certain identifiable intangible assets (including goodwill and intangible assets associated with certain of our nonmarketable equity securities, but excluding mortgage servicing rights), net of applicable deferred taxes. The methodology of determining tangible common equity may differ among companies. Management believes that return on average tangible common equity and tangible book value per common share, which utilize tangible common equity, are useful financial measures because they enable investors and others to assess the Company's use of equity. For additional information, including a corresponding reconciliation to GAAP financial measures, see the "Capital Management – Tangible Common Equity" section in this Report.

(2) The efficiency ratio is noninterest expense divided by total revenue (net interest income and noninterest income).

(3) Pre-tax pre-provision profit (PTPP) is total revenue less noninterest expense. Management believes that PTPP is a useful financial measure because it enables investors and others to assess the Company's ability to generate capital to cover credit losses through a credit cycle.

(4) Consumer and small business banking deposits are total deposits excluding mortgage escrow and wholesale deposits.

(5) Financial information for the prior periods of 2017 has been revised to reflect the impact of the adoption in first quarter 2018 of Accounting Standards Update (ASU) 2016-01 – Financial Instruments – Overall (Subtopic 825-10): *Recognition and Measurement of Financial Assets and Financial Liabilities*, which amends the presentation and accounting for certain financial instruments, including equity securities. See Note 1 (Summary of Significant Accounting Policies) to Financial Statements in this Report for more information.

(6) The risk-based capital ratios were calculated under the lower of Standardized or Advanced Approach determined pursuant to Basel III. Beginning January 1, 2018, the requirements for calculating common equity tier 1 and tier 1 capital, along with risk-weighted assets, became fully phased-in; however, the requirements for calculating tier 2 and total capital are still in accordance with Transition Requirements. See the "Capital Management" section and Note 22 (Regulatory and Agency Capital Requirements) to Financial Statements in this Report for additional information.

(7) Book value per common share is common stockholders' equity divided by common shares outstanding. Tangible book value per common share is tangible common equity divided by common shares outstanding.

*This Quarterly Report, including the Financial Review and the Financial Statements and related Notes, contains forward-looking statements, which may include forecasts of our financial results and condition, expectations for our operations and business, and our assumptions for those forecasts and expectations. Do not unduly rely on forward-looking statements. Actual results may differ materially from our forward-looking statements due to several factors. Factors that could cause our actual results to differ materially from our forward-looking statements are described in this Report, including in the "Forward-Looking Statements" section, and in the "Risk Factors" and "Regulation and Supervision" sections of our Annual Report on Form 10-K for the year ended December 31, 2017 (2017 Form 10-K).*

*When we refer to "Wells Fargo," "the Company," "we," "our," or "us" in this Report, we mean Wells Fargo & Company and Subsidiaries (consolidated). When we refer to the "Parent," we mean Wells Fargo & Company. See the Glossary of Acronyms for definitions of terms used throughout this Report.*

# Financial Review[1]

**Overview**

Wells Fargo & Company is a diversified, community-based financial services company with $1.87 trillion in assets. Founded in 1852 and headquartered in San Francisco, we provide banking, investment, and mortgage products and services, as well as consumer and commercial finance, through 7,950 locations, 13,000 ATMs, digital (online, mobile and social), and contact centers (phone, email and correspondence), and we have offices in 37 countries and territories to support customers who conduct business in the global economy. With approximately 262,000 active, full-time equivalent team members, we serve one in three households in the United States and ranked No. 26 on *Fortune's* 2018 rankings of America's largest corporations. We ranked fourth in assets and third in the market value of our common stock among all U.S. banks at September 30, 2018.

We use our *Vision, Values and Goals* to guide us toward growth and success. Our vision is to satisfy our customers' financial needs and help them succeed financially. We aspire to create deep and enduring relationships with our customers by providing them with an exceptional experience and by understanding their needs and delivering the most relevant products, services, advice, and guidance.

We have five primary values, which are based on our vision and guide the actions we take. First, we place customers at the center of everything we do. We want to exceed customer expectations and build relationships that last a lifetime. Second, we value and support our people as a competitive advantage and strive to attract, develop, motivate, and retain the best team members. Third, we strive for the highest ethical standards of integrity, transparency, and principled performance. Fourth, we value and promote diversity and inclusion in all aspects of business and at all levels. Fifth, we look to each of our team members to be a leader in establishing, sharing, and communicating our vision for our customers, communities, team members, and shareholders. In addition to our five primary values, one of our key day-to-day priorities is to make risk management a competitive advantage by working hard to ensure that appropriate controls are in place to reduce risks to our customers, maintain and increase our competitive market position, and protect Wells Fargo's long-term safety, soundness, and reputation.

In keeping with our primary values and risk management priorities, we have six long-term goals for the Company, which entail becoming the financial services leader in the following areas:

- Customer service and advice – provide exceptional service and guidance to our customers to help them succeed financially.
- Team member engagement – be a company where people feel included, valued, and supported; everyone is respected; and we work as a team.
- Innovation – create lasting value for our customers and increased efficiency for our operations through innovative thinking, industry-leading technology, and a willingness to test and learn.
- Risk management – set the global standard in managing all forms of risk.
- Corporate citizenship – make a positive contribution to communities through philanthropy, advancing diversity and inclusion, creating economic opportunity, and promoting environmental sustainability.
- Shareholder value – deliver long-term value for shareholders.

**Federal Reserve Board Consent Order Regarding Governance Oversight and Compliance and Operational Risk Management**

On February 2, 2018, the Company entered into a consent order with the Board of Governors of the Federal Reserve System (FRB). As required by the consent order, the Board submitted to the FRB a plan to further enhance the Board's governance and oversight of the Company, and the Company submitted to the FRB a plan to further improve the Company's compliance and operational risk management program. The consent order also requires the Company, following the FRB's acceptance and approval of the plans and the Company's adoption and implementation of the plans, to complete third-party reviews of the enhancements and improvements provided for in the plans. Until these third-party reviews are complete and the plans are approved and implemented to the satisfaction of the FRB, the Company's total consolidated assets will be limited to the level as of December 31, 2017. Compliance with this asset cap will be measured on a two-quarter daily average basis to allow for management of temporary fluctuations. The Company has had constructive dialogue with, and has received detailed feedback from, the FRB regarding the plans. In order to have enough time to incorporate this feedback into the plans in a thoughtful manner and to complete the required third-party reviews, which were initially due September 30, 2018, the Company is planning to operate under the asset cap through the first part of 2019. A second third-party review must also be conducted to assess the efficacy and sustainability of the improvements. As of the end of third quarter 2018, our total consolidated assets, as calculated

[1] Financial information for the prior periods of 2017 has been revised to reflect our adoption in first quarter 2018 of Accounting Standards Update (ASU) 2016-01 Financial Instruments – Overall (Subtopic 825-10): *Recognition and Measurement of Financial Assets and Financial Liabilities*. See Note 1 (Summary of Significant Accounting Policies) to Financial Statements in this Report for more information.

pursuant to the requirements of the consent order, were below our level of total assets as of December 31, 2017.

**Consent Orders with the Bureau of Consumer Financial Protection (BCFP - formerly known as the Consumer Financial Protection Bureau) and Office of the Comptroller of the Currency (OCC) Regarding Compliance Risk Management Program, Automobile Collateral Protection Insurance Policies, and Mortgage Interest Rate Lock Extensions**

On April 20, 2018, the Company entered into consent orders with the BCFP and OCC to pay an aggregate of $1 billion in civil money penalties to resolve matters regarding the Company's compliance risk management program and past practices involving certain automobile collateral protection insurance policies and certain mortgage interest rate lock extensions. As required by the consent orders, the Company submitted to the BCFP and OCC an enterprise-wide compliance risk management plan and a plan to enhance the Company's internal audit program with respect to federal consumer financial law and the terms of the consent orders. In addition, as required by the consent orders, the Company submitted for non-objection plans to remediate customers affected by the automobile collateral protection insurance and mortgage interest rate lock matters, as well as a plan for the management of remediation activities conducted by the Company.

**Retail Sales Practices Matters**

As we have previously reported, in September 2016 we announced settlements with the BCFP, the OCC, and the Office of the Los Angeles City Attorney, and entered into consent orders with the BCFP and the OCC, in connection with allegations that some of our retail customers received products and services they did not request. As a result, it remains our top priority to rebuild trust through a comprehensive action plan that includes making things right for our customers, team members, and other stakeholders, and building a better Company for the future.

Our priority of rebuilding trust has included numerous actions focused on identifying potential financial harm and customer remediation. The Board and management are conducting company-wide reviews of sales practices issues. These reviews are ongoing. In August 2017, a third-party consulting firm completed an expanded data-driven review of retail banking accounts opened from January 2009 to September 2016 to identify financial harm stemming from potentially unauthorized accounts. We have completed financial remediation for the customers identified through the expanded account analysis. Additionally, customer outreach under the $142 million class-action lawsuit settlement concerning improper retail sales practices (*Jabbari v. Wells Fargo Bank, N.A.*) into which the Company entered to provide further remediation to customers, concluded in June 2018 and the period for customers to submit claims closed on July 7, 2018. The settlement administrator will pay claims following the calculation of compensatory damages and favorable resolution of pending appeals in the case.

For additional information regarding sales practices matters, including related legal matters, see the "Risk Factors" section in our 2017 Form 10-K and Note 13 (Legal Actions) to Financial Statements in this Report.

**Additional Efforts to Rebuild Trust**

Our priority of rebuilding trust has also included an effort to identify other areas or instances where customers may have experienced financial harm. We are working with our regulatory agencies in this effort, and we have accrued for the reasonably estimable remediation costs related to these matters, which amounts may change based on additional facts and information, as well as ongoing reviews and communications with our regulators. As part of this effort, we are focused on the following key areas:

- **Automobile Lending Business** The Company is reviewing practices concerning the origination, servicing, and/or collection of consumer automobile loans, including matters related to certain insurance products. For example:
  - In July 2017, the Company announced it would remediate customers who may have been financially harmed due to issues related to automobile collateral protection insurance (CPI) policies purchased through a third-party vendor on their behalf (based on an understanding that the borrowers did not have physical damage insurance coverage on their automobiles as required during the term of their automobile loans). The practice of placing CPI had been previously discontinued by the Company. Commencing in August 2017, the Company began sending refund checks and/or letters to affected customers through which they may claim or otherwise receive remediation compensation for policies placed between October 15, 2005, and September 30, 2016. During third quarter 2018, as a result of enhancing our remediation plan to provide greater payments and increasing the population of potentially affected customers, the Company accrued an additional $241 million for remediation activities for this matter.
  - The Company has identified certain issues related to the unused portion of guaranteed automobile protection waiver or insurance agreements between the dealer and, by assignment, the lender, which will result in refunds to customers in certain states.
- **Mortgage Interest Rate Lock Extensions** In October 2017, the Company announced plans to reach out to all home lending customers who paid fees for mortgage rate lock extensions requested from September 16, 2013, through February 28, 2017, and to provide refunds, with interest, to customers who believe they should not have paid those fees. The plan to issue refunds follows an internal review that determined a rate lock extension policy implemented in September 2013 was, at times, not consistently applied, resulting in some borrowers being charged fees in cases where the Company was primarily responsible for the delays that made the extensions necessary. Effective March 1, 2017, the Company changed how it manages the mortgage rate lock extension process by establishing a centralized review team that reviews all rate lock extension requests for consistent application of the policy. Although the Company believes a substantial number of the rate lock extension fees during the period in question were appropriately charged under its policy, due to our customer-oriented remediation approach, we have issued refunds and interest to substantially all of our customers who paid rate lock extension fees during the period in question. While our remediation plan remains subject to regulatory approval, we believe we have substantially completed the remediation process.
- **Add-on Products** The Company is reviewing practices related to certain consumer "add-on" products, including identity theft and debt protection products that were subject to an OCC consent order entered into in June 2015, as well as home and automobile warranty products, and memberships in discount programs. The products were sold to customers through a number of distribution channels and, in some cases, were acquired by the Company in connection with the purchase of loans. Sales of certain of these products have been discontinued over the past few years primarily due to decisions made in the normal course of business, and by mid-2017, the Company had ceased selling any of them to consumers. We are providing remediation where we identify affected customers, and may also provide refunds to customers who purchased certain products. The review of the Company's historical practices with respect to these products is ongoing, focusing on, among other topics, sales practices, adequacy of disclosures, customer servicing, and volume and type of customer complaints.
- **Consumer Deposit Account Freezing/Closing** The Company is reviewing procedures regarding the freezing (and, in many cases, closing) of consumer deposit accounts after the Company detected suspected fraudulent activity (by third-parties or account holders) that affected those accounts. This review is ongoing.
- **Review of Certain Activities Within Wealth and Investment Management** A review of certain activities within Wealth and Investment Management (WIM) being conducted by the Board, in response to inquiries from federal government agencies, is assessing whether there have been inappropriate referrals or recommendations, including with respect to rollovers for 401(k) plan participants, certain alternative investments, or referrals of brokerage customers to the Company's investment and fiduciary services business. The review is ongoing.
- **Fiduciary and Custody Account Fee Calculations** The Company is reviewing fee calculations within certain fiduciary and custody accounts in its investment and fiduciary services business, which is part of the wealth management business within WIM. The Company has determined that there have been instances of incorrect fees being applied to certain assets and accounts, resulting in both overcharges and undercharges to customers. These issues include the incorrect set-up and maintenance in the system of record of the values associated with certain assets. Systems, operations, and account-level reviews are underway to determine the extent of any assets and accounts affected, and root cause analyses are being performed with the assistance of third parties. These reviews are ongoing and, as a result of its reviews to date, the Company has suspended the charging of fees on some assets and accounts, has notified the affected customers, and is continuing its analysis of those assets and accounts. The review of customer accounts is ongoing to determine the extent of any additional necessary remediation, including with respect to additional accounts not yet reviewed, which may lead to additional accruals and fee suspensions.
- **Foreign Exchange Business** The Company has substantially completed an assessment, with the assistance of a third party, of its policies, practices, and procedures in its foreign exchange (FX) business. The business is in the process of revising and implementing new policies, practices, and procedures, including those related to pricing. The Company's review of affected customers is ongoing to determine the extent of any additional remediation for

customers that may have received pricing inconsistent with commitments made to those customers.

- **Mortgage Loan Modifications** An internal review of the Company's use of a mortgage loan modification underwriting tool identified a calculation error regarding foreclosure attorneys' fees affecting certain accounts that were in the foreclosure process between April 13, 2010, and October 2, 2015, when the error was corrected. A subsequent expanded review identified related errors regarding the maximum allowable foreclosure attorneys' fees permitted for certain accounts that were in the foreclosure process between March 15, 2010, and April 30, 2018, when new controls were implemented. Similar to the initial calculation error, these errors caused an overstatement of the attorneys' fees that were included for purposes of determining whether a customer qualified for a mortgage loan modification or repayment plan pursuant to the requirements of government-sponsored enterprises (such as Fannie Mae and Freddie Mac), the Federal Housing Administration (FHA), and the U.S. Department of Treasury's Home Affordable Modification Program (HAMP). Customers were not actually charged the incorrect attorneys' fees. As a result of these errors, taken together and subject to final validation, approximately 870 customers were incorrectly denied a loan modification or were not offered a loan modification or repayment plan in cases where they otherwise would have qualified. In approximately 545 of these instances, after the loan modification was denied or the customer was deemed ineligible to be offered a loan modification or repayment plan, a foreclosure was completed. The Company has contacted a substantial majority of the approximately 870 affected customers to provide remediation and the option also to pursue no-cost mediation with an independent mediator. Attempts to contact the remaining affected customers are ongoing. Also, the Company's review of these matters is ongoing, including a review of its mortgage loan modification tools.

To the extent issues are identified, we will continue to assess any customer harm and provide remediation as appropriate. This effort to identify other instances in which customers may have experienced harm is ongoing, and it is possible that we may identify other areas of potential concern. For more information, including related legal and regulatory risk, see the "Risk Factors" section in our 2017 Form 10-K and Note 13 (Legal Actions) to Financial Statements in this Report.

**Financial Performance**

Wells Fargo net income was $6.0 billion in third quarter 2018 with diluted earnings per common share (EPS) of $1.13, compared with $4.5 billion and $0.83, respectively, a year ago. Diluted earnings per common share for third quarter 2018 was reduced by $0.03 per share as a result of the elimination of the discount recorded on our Non-Cumulative Perpetual Class A Preferred Stock, Series J, which was redeemed during the third quarter. Also in third quarter 2018:

- revenue was $21.9 billion, up $92 million compared with a year ago, with net interest income up $123 million, or 1%, and noninterest income down $31 million;
- average loans were $939.5 billion, down $12.9 billion, or 1%, from a year ago;
- average deposits were $1.3 trillion, down $40.0 billion, or 3%, from a year ago;
- return on assets (ROA) of 1.27% and return on equity (ROE) of 12.04%, were up from 0.93% and 8.96%, respectively, a year ago;
- our credit results improved with a net charge-off rate of 0.29% (annualized) of average loans in third quarter 2018, compared with 0.30% a year ago;
- nonaccrual loans of $7.1 billion were down $1.6 billion, or 18%, from a year ago; and
- we returned $8.9 billion to shareholders through common stock dividends and net share repurchases, which was more than double the $4.0 billion we returned in third quarter 2017 and the 13th consecutive quarter of returning more than $3 billion.

**Balance Sheet and Liquidity**

Despite the asset cap placed on us from the consent order with the FRB, our balance sheet remained strong during third quarter 2018 with strong credit quality and solid levels of liquidity and capital. Our total assets were $1.87 trillion at September 30, 2018. Cash and other short-term investments decreased $53.0 billion from December 31, 2017, reflecting lower deposit balances. Debt securities were $472.3 billion at September 30, 2018, a decrease of $1.1 billion from December 31, 2017, driven by runoff and sales in the available-for-sale portfolio, partially offset by an increase in debt securities held for trading. Loans were down $14.5 billion, or 2%, from December 31, 2017, predominantly due to a decline in automobile and junior lien mortgage loans.

Average deposits in third quarter 2018 were $1.27 trillion, down $40.0 billion from third quarter 2017. The decline was driven by a decrease in commercial deposits from financial institutions, which includes actions the Company took in the first half of 2018 in response to the asset cap, partially offset by higher interest-bearing checking deposits. Our average deposit cost in third quarter 2018 was 47 basis points, up 21 basis points from a year ago, primarily driven by an increase in Wholesale Banking and Wealth and Investment Management deposit rates.

**Credit Quality**

Solid overall credit results continued in third quarter 2018 as losses remained low and we continued to originate high quality loans, reflecting our long-term risk focus. Net charge-offs were $680 million, or 0.29% (annualized) of average loans, in third quarter 2018, compared with $717 million a year ago (0.30%). The decrease in net charge-offs in third quarter 2018, compared with a year ago, was predominantly driven by lower losses in the automobile portfolio.

Our commercial portfolio net charge-offs were $152 million, or 12 basis points of average commercial loans, in third quarter 2018, compared with net charge-offs of $113 million, or 9 basis points, a year ago. Net consumer credit losses decreased to 47 basis points (annualized) of average consumer loans in third quarter 2018 from 53 basis points (annualized) in third quarter 2017. Approximately 83% of the consumer first mortgage loan portfolio outstanding at September 30, 2018, was originated after 2008, when more stringent underwriting standards were implemented.

The allowance for credit losses as of September 30, 2018, decreased $1.2 billion compared with a year ago and decreased $1.0 billion from December 31, 2017. We had a $100 million release in the allowance for credit losses in third quarter 2018, compared with no release a year ago. The allowance coverage for total loans was 1.16% at September 30, 2018, compared with 1.27% a year ago and 1.25% at December 31, 2017. The allowance covered 4.1 times annualized third quarter net charge-offs, compared with 4.3 times a year ago. Future allowance levels will be based on a variety of factors, including loan growth, portfolio performance and general economic conditions. Our provision for loan losses was $580 million in third quarter 2018, down from $717 million a year ago, reflecting an improvement in our outlook for 2017 hurricane-related losses, as well as continued improvement in residential real estate and lower loan balances.

Nonperforming assets decreased $410 million, or 5%, from June 30, 2018, the 10th consecutive quarter of decreases, with improvement in the consumer and commercial real estate portfolios. Nonperforming assets were 0.80% of total loans, the lowest level since the merger with Wachovia in 2008. Nonaccrual loans decreased $433 million from the prior quarter primarily due to a decrease in real estate 1-4 family first mortgage nonaccruals. Foreclosed assets were up $23 million from the prior quarter.

**Capital**

Our financial performance in third quarter 2018 allowed us to maintain a solid capital position, with total equity of $199.7 billion at September 30, 2018, compared with $208.1 billion at December 31, 2017. We returned $8.9 billion to shareholders in third quarter 2018 through common stock dividends and net share repurchases, more than double the amount we returned in third quarter 2017. Our net payout ratio (which is the ratio of (i) common stock dividends and share repurchases less issuances and stock compensation-related items, divided by (ii) net income applicable to common stock) was 163%. We continued to reduce our common shares outstanding through the repurchase of 146.5 million common shares in the quarter. We entered into a $1 billion forward repurchase contract with an unrelated third party in October 2018 that is expected to settle in first quarter 2019 for approximately 19 million common shares. We expect to reduce our common shares outstanding through share repurchases throughout the remainder of 2018.

We believe an important measure of our capital strength is the Common Equity Tier 1 (CET1) ratio under Basel III, fully phased-in, which was 11.91% at September 30, 2018, flat compared with December 31, 2017, but well above our internal target of 10%. Likewise, our other regulatory capital ratios remained strong. See the “Capital Management” section in this Report for more information regarding our capital, including the calculation of our regulatory capital amounts.

## Earnings Performance

Wells Fargo net income for third quarter 2018 was $6.0 billion ($1.13 diluted earnings per common share), compared with $4.5 billion ($0.83 diluted per share) for third quarter 2017. Third quarter 2018 included the redemption of our Series J Preferred Stock on September 17, 2018, which reduced diluted EPS by $0.03 per share as a result of eliminating the purchase accounting discount recorded on these shares at the time of the Wachovia acquisition. Net income in third quarter 2018 included net discrete income tax expense of $168 million primarily related to the re-measurement of our initial estimates for the impacts of the Tax Cuts & Jobs Act recognized in fourth quarter 2017. Third quarter 2018 results benefited from the lower U.S. federal statutory income tax rate. Net income for the first nine months of 2018 was $16.3 billion, compared with $16.0 billion for the same period a year ago. The increase in net income in the first nine months of 2018, compared with the same period a year ago, resulted from a $107 million increase in net interest income, a $654 million decrease in our provision for credit losses, and a $1.9 billion decline in income tax expense reflecting the lower U.S. federal statutory income tax rate in 2018, partially offset by a $1.0 billion decrease in noninterest income, and a $1.1 billion increase in noninterest expense. In the first nine months of 2018, net interest income represented 57% of revenue, compared with 56% for the same period a year ago. Noninterest income was $28.1 billion in the first nine months of 2018, representing 43% of revenue, compared with $29.1 billion (44%) in the first nine months of 2017.

Revenue, the sum of net interest income and noninterest income, was $21.9 billion in third quarter 2018, compared with $21.8 billion in the same period a year ago. The increase in revenue in third quarter 2018, compared with the same period a year ago, was due to an increase in net interest income, partially offset by a decrease in noninterest income. Revenue for the first nine months of 2018 was $65.4 billion, compared with $66.3 billion for the first nine months of 2017. The decline in revenue in the first nine months of 2018, compared with the same period a year ago, was substantially due to a decline in noninterest income.

### Net Interest Income

Net interest income is the interest earned on debt securities, loans (including yield-related loan fees) and other interest-earning assets minus the interest paid on deposits, short-term borrowings and long-term debt. The net interest margin is the average yield on earning assets minus the average interest rate paid for deposits and our other sources of funding. Net interest income and the net interest margin are presented on a taxable-equivalent basis in Table 1 to reflect income from taxable and tax-exempt loans and debt and equity securities based on a 21% and 35% federal statutory tax rate for the periods ended September 30, 2018 and 2017, respectively.

Net interest income and the net interest margin in any one period can be significantly affected by a variety of factors including the mix and overall size of our earning assets portfolio and the cost of funding those assets. In addition, some variable sources of interest income, such as resolutions from purchased credit-impaired (PCI) loans, loan fees and collection of interest on nonaccrual loans, can vary from period to period.

Net interest income on a taxable-equivalent basis was $12.7 billion and $37.8 billion in the third quarter and first nine months of 2018, respectively, compared with $12.8 billion and $38.2 billion for the same periods a year ago.

The decrease in net interest income in the third quarter of 2018, compared with the same period a year ago, was driven by:
- loan and deposit runoff;
- lower loan swap income due to unwinding the receive-fixed loan swap portfolio;
- lower tax-equivalent net interest income from updated tax-equivalent factors reflecting new tax law; and
- higher premium amortization;

partially offset by:
- the net repricing benefit of higher interest rates;
- higher variable income; and
- higher benefit from hedge ineffectiveness accounting results.

The decrease in net interest income in the first nine months of 2018, compared with the same period a year ago, was driven by:
- loan and deposit runoff;
- lower loan swap income due to unwinding the receive-fixed loan swap portfolio;
- lower tax-equivalent net interest income from updated tax-equivalent factors reflecting new tax law;
- higher premium amortization; and
- lower benefit from hedge ineffectiveness accounting results;

partially offset by
- the net repricing benefit of higher interest rates;, and
- higher variable income.

Net interest margin on a taxable-equivalent basis was 2.94% and 2.90% in the third quarter and first nine months of 2018, respectively, compared to 2.86% and 2.88% for the same periods a year ago.

The increase in net interest margin in the third quarter of 2018, compared with the same period a year ago, was driven by:
- the net repricing benefit of higher interest rates;
- loan and deposit runoff;
- higher variable income; and
- higher benefit from hedge ineffectiveness accounting results,

partially offset by:
- lower loan swap income due to unwinding the receive-fixed loan swap portfolio;
- lower tax-equivalent net interest income from updated tax equivalent factors reflecting new tax law; and
- higher premium amortization.

The increase in net interest margin in the first nine months of 2018, compared with the same period a year ago, was driven by:
- the net repricing benefit of higher interest rates; and
- higher variable income;

partially offset by:
- lower loan swap income due to unwinding the receive-fixed loan swap portfolio;
- lower tax-equivalent net interest income from updated tax equivalent factors reflecting new tax law;
- loan and deposit runoff;
- higher premium amortization; and
- lower benefit from hedge ineffectiveness accounting results.

Average earning assets decreased $54.4 billion and $36.1 billion in the third quarter and first nine months of 2018, respectively, compared with the same periods a year ago. Also, compared with the same periods a year ago:

- average loans decreased 12.9 billion and $12.8 billion in the third quarter and first nine months of 2018, respectively;
- average interest-earning deposits decreased $56.9 billion and $47.7 billion in the third quarter and first nine months of 2018, respectively;
- average federal funds sold and securities purchased under resale agreements increased $9.3 billion and $5.1 billion in the third quarter and first nine months of 2018, respectively;
- average debt securities increased $10.3 billion and $16.3 billion in the third quarter and first nine months of 2018, respectively;
- average equity securities increased $2.1 billion and $2.9 billion in the third quarter and first nine months of 2018, respectively; and
- other earning assets decreased $4.0 billion in third quarter 2018 and increased $1.0 billion in the first nine months of 2018.

Deposits are an important low-cost source of funding and affect both net interest income and the net interest margin. Deposits include noninterest-bearing deposits, interest-bearing checking, market rate and other savings, savings certificates, other time deposits, and deposits in foreign offices. Average deposits were $1.27 trillion and $1.28 trillion in the third quarter and first nine months of 2018, respectively, compared with $1.31 trillion and $1.30 trillion in the same periods a year ago, and represented 135% of average loans in both the third quarter and first nine months of 2018, compared with 137% in third quarter 2017 and 136% in the first nine months of 2017. Average deposits were 73% of average earning assets in both the third quarter and first nine months of 2018, flat compared with the same periods a year ago. The average deposit cost for third quarter 2018 was 47 basis points, up 7 basis points from the prior quarter and 21 basis points from a year ago, primarily driven by an increase in Wholesale Banking and Wealth and Investment Management deposit rates.

**Table 1: Average Balances, Yields and Rates Paid (Taxable-Equivalent Basis) (1)(2)**

| (in millions) | Quarter ended September 30, 2018 Average balance | 2018 Yields/ rates | 2018 Interest income/ expense | Quarter ended September 30, 2017 Average balance | 2017 Yields/ rates | 2017 Interest income/ expense |
|---|---|---|---|---|---|---|
| **Earning assets** | | | | | | |
| Interest-earning deposits with banks (3) | **$ 148,565** | **1.93%** | **$ 721** | 205,489 | 1.21% | $ 629 |
| Federal funds sold and securities purchased under resale agreements (3) | **79,931** | **1.93** | **390** | 70,640 | 1.14 | 203 |
| Debt securities (4): | | | | | | |
| Trading debt securities | **84,481** | **3.45** | **730** | 76,627 | 3.21 | 616 |
| Available-for-sale debt securities: | | | | | | |
| Securities of U.S. Treasury and federal agencies | **6,421** | **1.65** | **27** | 14,529 | 1.31 | 48 |
| Securities of U.S. states and political subdivisions (7) | **46,615** | **3.76** | **438** | 52,500 | 4.08 | 535 |
| Mortgage-backed securities: | | | | | | |
| Federal agencies | **155,525** | **2.77** | **1,079** | 139,781 | 2.58 | 903 |
| Residential and commercial (7) | **7,318** | **4.68** | **85** | 11,013 | 5.44 | 149 |
| Total mortgage-backed securities | **162,843** | **2.86** | **1,164** | 150,794 | 2.79 | 1,052 |
| Other debt securities (7) | **46,353** | **4.39** | **512** | 47,592 | 3.73 | 447 |
| Total available-for-sale debt securities (7) | **262,232** | **3.26** | **2,141** | 265,415 | 3.13 | 2,082 |
| Held-to-maturity debt securities: | | | | | | |
| Securities of U.S. Treasury and federal agencies | **44,739** | **2.18** | **246** | 44,708 | 2.18 | 246 |
| Securities of U.S. states and political subdivisions | **6,251** | **4.33** | **68** | 6,266 | 5.44 | 85 |
| Federal agency and other mortgage-backed securities | **95,298** | **2.27** | **539** | 88,272 | 2.26 | 498 |
| Other debt securities | **106** | **5.61** | **2** | 1,488 | 3.05 | 12 |
| Total held-to-maturity debt securities | **146,394** | **2.33** | **855** | 140,734 | 2.38 | 841 |
| Total debt securities (7) | **493,107** | **3.02** | **3,726** | 482,776 | 2.93 | 3,539 |
| Mortgage loans held for sale (5)(7) | **19,343** | **4.33** | **210** | 22,923 | 3.79 | 217 |
| Loans held for sale (5) | **2,619** | **5.28** | **35** | 1,383 | 4.39 | 15 |
| Commercial loans: | | | | | | |
| Commercial and industrial – U.S. | **273,814** | **4.22** | **2,915** | 270,091 | 3.81 | 2,590 |
| Commercial and industrial – Non U.S. (7) | **60,884** | **3.63** | **556** | 57,738 | 2.89 | 422 |
| Real estate mortgage | **121,284** | **4.35** | **1,329** | 129,087 | 3.83 | 1,245 |
| Real estate construction | **23,276** | **5.05** | **296** | 24,981 | 4.18 | 263 |
| Lease financing (7) | **19,512** | **4.69** | **229** | 19,155 | 4.59 | 219 |
| Total commercial loans | **498,770** | **4.24** | **5,325** | 501,052 | 3.76 | 4,739 |
| Consumer loans: | | | | | | |
| Real estate 1-4 family first mortgage | **284,133** | **4.07** | **2,891** | 278,371 | 4.03 | 2,809 |
| Real estate 1-4 family junior lien mortgage | **35,863** | **5.50** | **496** | 41,916 | 4.95 | 521 |
| Credit card | **36,893** | **12.77** | **1,187** | 35,657 | 12.41 | 1,114 |
| Automobile | **46,963** | **5.20** | **616** | 56,746 | 5.34 | 764 |
| Other revolving credit and installment | **36,840** | **6.78** | **630** | 38,601 | 6.31 | 615 |
| Total consumer loans | **440,692** | **5.26** | **5,820** | 451,291 | 5.14 | 5,823 |
| Total loans (5) | **939,462** | **4.72** | **11,145** | 952,343 | 4.41 | 10,562 |
| Equity securities | **37,902** | **2.98** | **283** | 35,846 | 2.12 | 191 |
| Other | **4,702** | **1.47** | **16** | 8,656 | 0.90 | 20 |
| Total earning assets (7) | **$ 1,725,631** | **3.81%** | **$ 16,526** | 1,780,056 | 3.44% | $ 15,376 |
| **Funding sources** | | | | | | |
| Deposits: | | | | | | |
| Interest-bearing checking | **$ 51,177** | **1.01%** | **$ 131** | 48,278 | 0.57% | $ 69 |
| Market rate and other savings | **693,937** | **0.35** | **614** | 681,187 | 0.17 | 293 |
| Savings certificates | **20,586** | **0.62** | **32** | 21,806 | 0.31 | 16 |
| Other time deposits (7) | **87,752** | **2.35** | **519** | 66,046 | 1.51 | 251 |
| Deposits in foreign offices | **53,933** | **1.50** | **203** | 124,746 | 0.76 | 240 |
| Total interest-bearing deposits (7) | **907,385** | **0.66** | **1,499** | 942,063 | 0.37 | 869 |
| Short-term borrowings | **105,472** | **1.74** | **463** | 99,193 | 0.91 | 226 |
| Long-term debt (7) | **220,654** | **3.02** | **1,667** | 243,507 | 2.28 | 1,392 |
| Other liabilities | **27,108** | **2.40** | **164** | 24,851 | 1.74 | 109 |
| Total interest-bearing liabilities (7) | **1,260,619** | **1.20** | **3,793** | 1,309,614 | 0.79 | 2,596 |
| Portion of noninterest-bearing funding sources (7) | **465,012** | **—** | **—** | 470,442 | — | — |
| Total funding sources (7) | **$ 1,725,631** | **0.87** | **3,793** | 1,780,056 | 0.58 | 2,596 |
| **Net interest margin and net interest income on a taxable-equivalent basis (6)(7)** | | **2.94%** | **$ 12,733** | | 2.86% | $ 12,780 |
| **Noninterest-earning assets** | | | | | | |
| Cash and due from banks | **$ 18,356** | | | 18,456 | | |
| Goodwill | **26,429** | | | 26,600 | | |
| Other (7) | **105,867** | | | 113,349 | | |
| Total noninterest-earning assets (7) | **$ 150,652** | | | 158,405 | | |
| **Noninterest-bearing funding sources** | | | | | | |
| Deposits | **$ 358,993** | | | 364,293 | | |
| Other liabilities (7) | **53,845** | | | 56,831 | | |
| Total equity (7) | **202,826** | | | 207,723 | | |
| Noninterest-bearing funding sources used to fund earning assets (7) | **(465,012)** | | | (470,442) | | |
| Net noninterest-bearing funding sources (7) | **$ 150,652** | | | 158,405 | | |
| **Total assets (7)** | **$ 1,876,283** | | | 1,938,461 | | |

(1) Our average prime rate was 5.01% and 4.25% for the quarters ended September 30, 2018 and 2017, respectively and 4.78% and 4.03% for the first nine months of 2018 and 2017, respectively. The average three-month London Interbank Offered Rate (LIBOR) was 2.34% and 1.31% for the quarters ended September 30, 2018 and 2017, respectively, and 2.20% and 1.20% for the first nine months of 2018 and 2017, respectively.

(2) Yields/rates and amounts include the effects of hedge and risk management activities associated with the respective asset and liability categories.

(3) Financial information for the prior periods has been revised to reflect the impact of the adoption of Accounting Standards Update (ASU) 2016-18 – Statement of Cash Flows (Topic 230): *Restricted Cash* in which we changed the presentation of our cash and cash equivalents to include both cash and due from banks as well as interest-earning deposits with banks, which are inclusive of any restricted cash.

(4) Yields and rates are based on interest income/expense amounts for the period, annualized based on the accrual basis for the respective accounts. The average balance amounts represent amortized cost for the periods presented.

| (in millions) | Nine months ended September 30, 2018 Average balance | Yields/ rates | Interest income/ expense | 2017 Average balance | Yields/ rates | Interest income/ expense |
|---|---|---|---|---|---|---|
| **Earning assets** | | | | | | |
| Interest-earning deposits with banks (3) | **$ 158,480** | **1.71%** | **$ 2,029** | 206,161 | 1.01% | $ 1,557 |
| Federal funds sold and securities purchased under resale agreements (3) | **79,368** | **1.69** | **1,005** | 74,316 | 0.91 | 505 |
| Debt securities (4): | | | | | | |
| Trading debt securities | **81,307** | **3.38** | **2,062** | 72,080 | 3.16 | 1,709 |
| Available-for-sale debt securities: | | | | | | |
| Securities of U.S. Treasury and federal agencies | **6,424** | **1.66** | **80** | 19,182 | 1.48 | 212 |
| Securities of U.S. states and political subdivisions (7) | **47,974** | **3.68** | **1,323** | 52,748 | 3.97 | 1,569 |
| Mortgage-backed securities: | | | | | | |
| Federal agencies | **156,298** | **2.75** | **3,220** | 142,748 | 2.60 | 2,782 |
| Residential and commercial (7) | **8,140** | **4.54** | **277** | 12,671 | 5.44 | 517 |
| Total mortgage-backed securities (7) | **164,438** | **2.84** | **3,497** | 155,419 | 2.83 | 3,299 |
| Other debt securities (7) | **47,146** | **4.14** | **1,462** | 48,727 | 3.70 | 1,351 |
| Total available-for-sale debt securities (7) | **265,982** | **3.19** | **6,362** | 276,076 | 3.11 | 6,431 |
| Held-to-maturity debt securities: | | | | | | |
| Securities of U.S. Treasury and federal agencies | **44,731** | **2.19** | **733** | 44,701 | 2.19 | 733 |
| Securities of U.S. states and political subdivisions | **6,255** | **4.34** | **204** | 6,270 | 5.35 | 251 |
| Federal agency and other mortgage-backed securities | **93,699** | **2.32** | **1,632** | 74,525 | 2.38 | 1,329 |
| Other debt securities | **460** | **4.02** | **14** | 2,531 | 2.48 | 47 |
| Total held-to-maturity debt securities | **145,145** | **2.38** | **2,583** | 128,027 | 2.46 | 2,360 |
| Total debt securities (7) | **492,434** | **2.98** | **11,007** | 476,183 | 2.94 | 10,500 |
| Mortgage loans held for sale (5)(7) | **18,849** | **4.15** | **587** | 20,869 | 3.77 | 590 |
| Loans held for sale (5) | **2,706** | **5.28** | **107** | 1,485 | 3.47 | 38 |
| Commercial loans: | | | | | | |
| Commercial and industrial – U.S. | **273,711** | **4.08** | **8,350** | 272,621 | 3.70 | 7,547 |
| Commercial and industrial – Non U.S. (7) | **60,274** | **3.46** | **1,559** | 56,512 | 2.83 | 1,197 |
| Real estate mortgage | **123,804** | **4.22** | **3,910** | 130,931 | 3.69 | 3,615 |
| Real estate construction | **23,783** | **4.82** | **857** | 24,949 | 4.00 | 747 |
| Lease financing (7) | **19,349** | **4.82** | **700** | 19,094 | 4.78 | 684 |
| Total commercial loans | **500,921** | **4.10** | **15,376** | 504,107 | 3.66 | 13,790 |
| Consumer loans: | | | | | | |
| Real estate 1-4 family first mortgage | **283,814** | **4.05** | **8,613** | 276,330 | 4.04 | 8,380 |
| Real estate 1-4 family junior lien mortgage | **37,308** | **5.31** | **1,484** | 43,589 | 4.77 | 1,557 |
| Credit card | **36,416** | **12.73** | **3,467** | 35,322 | 12.19 | 3,219 |
| Automobile | **48,983** | **5.18** | **1,899** | 59,105 | 5.41 | 2,392 |
| Other revolving credit and installment | **37,371** | **6.62** | **1,851** | 39,128 | 6.15 | 1,801 |
| Total consumer loans | **443,892** | **5.21** | **17,314** | 453,474 | 5.11 | 17,349 |
| Total loans (5) | **944,813** | **4.62** | **32,690** | 957,581 | 4.34 | 31,139 |
| Equity securities | **38,322** | **2.57** | **738** | 35,466 | 2.16 | 575 |
| Other | **5,408** | **1.38** | **56** | 4,383 | 0.83 | 28 |
| Total earning assets (7) | **$ 1,740,380** | **3.70%** | **$ 48,219** | 1,776,444 | 3.38% | $ 44,932 |
| **Funding sources** | | | | | | |
| Deposits: | | | | | | |
| Interest-bearing checking | **$ 66,364** | **0.89%** | **$ 441** | 49,134 | 0.43% | $ 156 |
| Market rate and other savings | **683,279** | **0.28** | **1,416** | 682,780 | 0.13 | 664 |
| Savings certificates | **20,214** | **0.46** | **70** | 22,618 | 0.30 | 50 |
| Other time deposits (7) | **82,175** | **2.16** | **1,331** | 59,414 | 1.41 | 625 |
| Deposits in foreign offices | **66,590** | **1.20** | **599** | 123,553 | 0.64 | 587 |
| Total interest-bearing deposits (7) | **918,622** | **0.56** | **3,857** | 937,499 | 0.30 | 2,082 |
| Short-term borrowings | **103,696** | **1.51** | **1,173** | 97,837 | 0.69 | 505 |
| Long-term debt (7) | **223,485** | **2.93** | **4,901** | 251,114 | 2.03 | 3,813 |
| Other liabilities | **27,743** | **2.14** | **446** | 20,910 | 1.97 | 309 |
| Total interest-bearing liabilities (7) | **1,273,546** | **1.09** | **10,377** | 1,307,360 | 0.69 | 6,709 |
| Portion of noninterest-bearing funding sources (7) | **466,834** | | **—** | 469,084 | — | — |
| Total funding sources (7) | **$ 1,740,380** | **0.80** | **10,377** | 1,776,444 | 0.50 | 6,709 |
| **Net interest margin and net interest income on a taxable-equivalent basis (6)(7)** | | **2.90%** | **$ 37,842** | | 2.88% | $ 38,223 |
| **Noninterest-earning assets** | | | | | | |
| Cash and due from banks | **$ 18,604** | | | 18,443 | | |
| Goodwill | **26,463** | | | 26,645 | | |
| Other (7) | **106,762** | | | 110,669 | | |
| Total noninterest-earning assets (7) | **$ 151,829** | | | 155,757 | | |
| **Noninterest-bearing funding sources** | | | | | | |
| Deposits | **$ 359,563** | | | 364,774 | | |
| Other liabilities (7) | **54,088** | | | 55,032 | | |
| Total equity (7) | **205,012** | | | 205,035 | | |
| Noninterest-bearing funding sources used to fund earning assets (7) | **(466,834)** | | | (469,084) | | |
| Net noninterest-bearing funding sources (7) | **$ 151,829** | | | 155,757 | | |
| **Total assets (7)** | **$ 1,892,209** | | | 1,932,201 | | |

(5) Nonaccrual loans and related income are included in their respective loan categories.
(6) Includes taxable-equivalent adjustments of $161 million and $332 million for the quarters ended September 30, 2018 and 2017, respectively, and $491 million and $980 million for the first nine months of 2018 and 2017, respectively, predominantly related to tax-exempt income on certain loans and securities. The federal statutory tax rate utilized was 21% and 35% for periods ended September 30, 2018 and 2017, respectively.
(7) Financial information for the prior periods has been revised to reflect the impact of the adoption in fourth quarter 2017 of ASU 2017-12 – Derivatives and Hedging (Topic 815): *Targeted Improvements to Accounting for Hedging Activities*.

## Noninterest Income

**Table 2: Noninterest Income**

| (in millions) | Quarter ended Sep 30, 2018 | 2017 | % Change | Nine months ended Sep 30, 2018 | 2017 | % Change |
|---|---|---|---|---|---|---|
| Service charges on deposit accounts | **$ 1,204** | 1,276 | (6)% | **$ 3,540** | 3,865 | (8)% |
| Trust and investment fees: | | | | | | |
| Brokerage advisory, commissions and other fees | **2,334** | 2,304 | 1 | **7,091** | 6,957 | 2 |
| Trust and investment management | **835** | 840 | (1) | **2,520** | 2,506 | 1 |
| Investment banking | **462** | 465 | (1) | **1,378** | 1,345 | 2 |
| Total trust and investment fees | **3,631** | 3,609 | 1 | **10,989** | 10,808 | 2 |
| Card fees | **1,017** | 1,000 | 2 | **2,926** | 2,964 | (1) |
| Other fees: | | | | | | |
| Charges and fees on loans | **298** | 318 | (6) | **903** | 950 | (5) |
| Cash network fees | **121** | 126 | (4) | **367** | 386 | (5) |
| Commercial real estate brokerage commissions | **129** | 120 | 8 | **323** | 303 | 7 |
| Letters of credit fees | **72** | 77 | (6) | **223** | 227 | (2) |
| Wire transfer and other remittance fees | **120** | 114 | 5 | **357** | 333 | 7 |
| All other fees | **110** | 122 | (10) | **323** | 445 | (27) |
| Total other fees | **850** | 877 | (3) | **2,496** | 2,644 | (6) |
| Mortgage banking: | | | | | | |
| Servicing income, net | **390** | 309 | 26 | **1,264** | 1,165 | 8 |
| Net gains on mortgage loan origination/sales activities | **456** | 737 | (38) | **1,286** | 2,257 | (43) |
| Total mortgage banking | **846** | 1,046 | (19) | **2,550** | 3,422 | (25) |
| Insurance | **104** | 269 | (61) | **320** | 826 | (61) |
| Net gains from trading activities | **158** | 120 | 32 | **592** | 543 | 9 |
| Net gains on debt securities | **57** | 166 | (66) | **99** | 322 | (69) |
| Net gains from equity securities | **416** | 363 | 15 | **1,494** | 1,207 | 24 |
| Lease income | **453** | 475 | (5) | **1,351** | 1,449 | (7) |
| Life insurance investment income | **167** | 152 | 10 | **493** | 441 | 12 |
| All other | **466** | 47 | 891 | **1,227** | 604 | 103 |
| Total | **$ 9,369** | 9,400 | — | **$ 28,077** | 29,095 | (3) |

Noninterest income was $9.37 billion and $28.1 billion in the third quarter and first nine months of 2018, respectively, compared with $9.40 billion and $29.1 billion for the same periods a year ago. This income represented 43% of revenue for both the third quarter and first nine months of 2018, compared with 43% and 44% for the same periods a year ago. The decline in noninterest income in the third quarter and first nine months of 2018, compared with the same periods a year ago, was predominantly due to lower mortgage banking income, lower insurance income due to the sale of Wells Fargo Insurance Services in fourth quarter 2017, lower service charges on deposit accounts, and lower net gains on debt securities. These decreases were partially offset by growth in trust and investment fees, higher net gains from trading and equity securities, and higher all other income. For more information on our performance obligations and the nature of services performed for certain of our revenues discussed below, see Note 17 (Revenue from Contracts with Customers) to Financial Statements in this Report.

Service charges on deposit accounts were $1.2 billion and $3.5 billion in the third quarter and first nine months of 2018, respectively, compared with $1.3 billion and $3.9 billion for the same periods a year ago. The decrease in both the third quarter and first nine months of 2018, compared with the same periods a year ago, was due to lower overdraft and monthly service fees driven by customer-friendly initiatives that help customers minimize monthly and overdraft fees, and the impact of a higher earnings credit rate applied to commercial accounts due to increased interest rates.

Brokerage advisory, commissions and other fees were $2.33 billion and $7.1 billion in the third quarter and first nine months of 2018, respectively, compared with $2.30 billion and $7.0 billion for the same periods in 2017. The increase in both periods, compared with the same periods a year ago, was due to higher asset-based fees, partially offset by lower transactional commission revenue. Retail brokerage client assets totaled $1.6 trillion at both September 30, 2018 and 2017, with all retail brokerage services provided by our Wealth and Investment Management (WIM) operating segment. For additional information on retail brokerage client assets, see the discussion and Tables 4d and 4e in the “Operating Segment Results – Wealth and Investment Management – Retail Brokerage Client Assets” section in this Report.

Trust and investment management fee income is largely from client assets under management (AUM) for which fees are based on a tiered scale relative to market value of the assets, and client assets under administration (AUA), for which fees are generally based on the extent of services to administer the assets. Trust and investment management fees declined slightly to $835 million in third quarter 2018, from $840 million in third quarter 2017, but modestly increased to $2.52 billion in the first nine months of 2018, from $2.51 billion for the same period a

year ago, as growth in management fees for investment advice on mutual funds was partially offset by a decrease in corporate trust fees due to the sale of Wells Fargo Shareowner Services in first quarter 2018. Our AUM totaled $668.8 billion at September 30, 2018, compared with $678.7 billion at September 30, 2017, with substantially all of our AUM managed by our WIM operating segment. Additional information regarding our WIM operating segment AUM is provided in Table 4f and the related discussion in the "Operating Segment Results – Wealth and Investment Management – Trust and Investment Client Assets Under Management" section in this Report. Our AUA totaled $1.8 trillion at September 30, 2018, compared with $1.7 trillion at September 30, 2017.

Investment banking fees declined slightly to $462 million in third quarter 2018, from $465 million in third quarter 2017, but increased to $1.4 billion in the first nine months of 2018, from $1.3 billion for the same period a year ago. Both periods in 2018 reflect the impact of the new accounting standard for revenue recognition, which equally increased both investment banking fees and noninterest expense for underwriting expenses of our broker-dealer business that were previously netted against revenue but are now included in noninterest expense. In third quarter 2018, this impact was more than offset by lower loan syndication fees. In the first nine months of 2018, this impact was partially offset by lower equity originations.

Card fees were $1.0 billion and $2.9 billion in the third quarter and first nine months of 2018, respectively, compared with $1.0 billion and $3.0 billion for the same periods in 2017, reflecting the impact of the new revenue recognition accounting standard, which reduced noninterest expense and lowered card fees by an equal amount due to the netting of card payment network charges against related interchange and network revenues in card fees.

Other fees decreased to $850 million and $2.5 billion in the third quarter and first nine months of 2018, respectively, from $877 million and $2.6 billion for the same periods in 2017, predominantly driven by lower charges and fees on commercial loans, and all other fees. All other fees declined to $110 million and $323 million in the third quarter and first nine months of 2018, from $122 million and $445 million for the same periods in 2017, driven by lost fees from discontinued products.

Mortgage banking noninterest income, consisting of net servicing income and net gains on mortgage loan origination/sales activities, totaled $846 million and $2.6 billion in the third quarter and first nine months of 2018, respectively, compared with $1.0 billion and $3.4 billion for the same periods a year ago.

In addition to servicing fees, net mortgage loan servicing income includes amortization of commercial mortgage servicing rights (MSRs), changes in the fair value of residential MSRs during the period, as well as changes in the value of derivatives (economic hedges) used to hedge the residential MSRs. Net servicing income of $390 million for third quarter 2018 included a $30 million net MSR valuation gain ($531 million increase in the fair value of the MSRs and a $501 million hedge loss). Net servicing income of $309 million for third quarter 2017 included a $98 million net MSR valuation gain ($142 million decrease in the fair value of the MSRs and a $240 million hedge gain). For the first nine months of 2018, net servicing income of $1.3 billion included a $166 million net MSR valuation gain ($2.2 billion increase in the fair value of the MSRs and a $2.0 billion hedge loss), and for the first nine months of 2017, net servicing income of $1.2 billion included a $271 million net MSR valuation gain ($328 million decrease in the fair value of the MSRs and a $599 million hedge gain). The increase in net servicing income in third quarter 2018, compared with the same period a year ago, was predominantly due to higher servicing fees. Net servicing income increased in the first nine months of 2018, compared with the same period a year ago, due to higher net servicing fees, and lower MSR value losses attributable to realization of cash flows due to higher mortgage interest rates, partially offset by lower net MSR valuation gains due to lower hedge results.

Our portfolio of mortgage loans serviced for others was $1.71 trillion at September 30, 2018, and $1.70 trillion at December 31, 2017. At September 30, 2018, the ratio of combined residential and commercial MSRs to related loans serviced for others was 1.02%, compared with 0.88% at December 31, 2017. See the "Risk Management – Asset/Liability Management – Mortgage Banking Interest Rate and Market Risk" section in this Report for additional information regarding our MSRs risks and hedging approach.

Net gains on mortgage loan origination/sales activities were $456 million and $1.3 billion in the third quarter and first nine months of 2018, respectively, compared with $737 million and $2.3 billion for the same periods a year ago. The decrease in the third quarter and first nine months of 2018, compared with the same periods a year ago, was mostly due to lower production margins and loan originations. Total mortgage loan originations were $46 billion and $139 billion for the third quarter and first nine months of 2018, respectively, compared with $59 billion and $159 billion for the same periods a year ago. The production margin on residential held-for-sale mortgage loan originations, which represents net gains on residential mortgage loan origination/sales activities divided by total residential held-for-sale mortgage loan originations, provides a measure of the profitability of our residential mortgage origination activity. Table 2a presents the information used in determining the production margin.

**Table 2a: Selected Mortgage Production Data**

| | | Quarter ended September 30, | | Nine months ended September 30, | |
|---|---|---|---|---|---|
| | | **2018** | 2017 | **2018** | 2017 |
| **Net gains on mortgage loan origination/sales activities (in millions):** | | | | | |
| Residential | (A) | **$324** | 546 | **$ 929** | 1,636 |
| Commercial | | **75** | 81 | **200** | 263 |
| Residential pipeline and unsold/repurchased loan management (1) | | **57** | 110 | **157** | 358 |
| Total | | **$456** | 737 | **$1,286** | 2,257 |
| **Residential real estate originations (in billions):** | | | | | |
| Held-for-sale | (B) | **$ 33** | 44 | **$ 104** | 120 |
| Held-for-investment | | **13** | 15 | **35** | 39 |
| Total | | **$ 46** | 59 | **$ 139** | 159 |
| **Production margin on residential held-for-sale mortgage loan originations** | (A)/(B) | **0.97%** | 1.24 | **0.89%** | 1.37 |

(1) Predominantly includes the results of GNMA loss mitigation activities, interest rate management activities and changes in estimate to the liability for mortgage loan repurchase losses.

The production margin was 0.97% and 0.89% for the third quarter and first nine months of 2018, respectively, compared with 1.24% and 1.37% for the same periods in 2017. The decline in production margin in the third quarter and first nine months of 2018 was attributable to lower margins in both our retail and correspondent production channels and a shift to more correspondent origination volume, which has a lower production margin. Mortgage applications were $57 billion and $182 billion for the third quarter and first nine months of 2018, respectively, compared with $73 billion and $215 billion for the same periods a year ago. The 1-4 family first mortgage unclosed pipeline was $22 billion at September 30, 2018, compared with $29 billion at September 30, 2017. For additional information about our mortgage banking activities and results, see the "Risk Management – Asset/Liability Management – Mortgage Banking Interest Rate and Market Risk" section and Note 10 (Mortgage Banking Activities) and Note 15 (Fair Values of Assets and Liabilities) to Financial Statements in this Report.

Net gains on mortgage loan origination/sales activities include adjustments to the mortgage repurchase liability. Mortgage loans are repurchased from third parties based on standard representations and warranties, and early payment default clauses in mortgage sale contracts. For additional information about mortgage loan repurchases, see the "Risk Management – Credit Risk Management – Liability for Mortgage Loan Repurchase Losses" section and Note 10 (Mortgage Banking Activities) to Financial Statements in this Report.

Insurance income was $104 million and $320 million in the third quarter and first nine months of 2018, respectively, compared with $269 million and $826 million in the same periods a year ago. The decrease in the third quarter and first nine months of 2018, compared with the same periods a year ago, was driven by the sale of Wells Fargo Insurance Services in fourth quarter 2017.

Net gains from trading activities, which reflect unrealized changes in fair value of our trading positions and realized gains and losses, were $158 million and $592 million in the third quarter and first nine months of 2018, respectively, compared with $120 million and $543 million in the same periods a year ago. The increase in the third quarter and first nine months of 2018, compared with the same periods a year ago, was due to growth in equity trading driven by market volatility, partially offset by lower foreign exchange trading income. Net gains from trading activities do not include interest and dividend income and expense on trading securities. Those amounts are reported within interest income from debt and equity securities and other interest expense. For additional information about trading activities, see the "Risk Management – Asset/Liability Management – Market Risk-Trading Activities" section and Note 4 (Trading Activities) to Financial Statements in this Report.

Net gains on debt and equity securities totaled $473 million and $1.6 billion in the third quarter and first nine months of 2018, respectively, compared with $529 million and $1.5 billion for the same periods in 2017, after other-than-temporary impairment (OTTI) write-downs of $50 million and $325 million for the third quarter and first nine months of 2018, respectively, compared with $91 million and $293 million for the same periods in 2017. The decrease in net gains on debt and equity securities in third quarter 2018, compared with the same period a year ago, was driven by lower net gains on debt securities, partially offset by higher net gains from nonmarketable equity securities. The increase in the first nine months of 2018, compared with the same period a year ago, was predominantly driven by higher net gains from nonmarketable equity securities and $319 million of unrealized gains from the impact of the new accounting standard for financial instruments which requires any gain or loss associated with the fair value measurement of equity securities to be reflected in earnings. These increases were partially offset by lower net gains on debt securities and lower deferred compensation gains (offset in employee benefits expense). The increase in OTTI in the first nine months of 2018, compared with the same period a year ago, was predominantly driven by the impairment on the announced sale of our ownership stake in RockCreek.

Lease income was $453 million and $1.35 billion in the third quarter and first nine months of 2018, respectively, compared with $475 million and $1.45 billion for the same periods a year ago. The decrease in both periods was predominantly driven by lower rail and equipment lease income.

All other income was $466 million and $1.2 billion in the third quarter and first nine months of 2018, respectively, compared with $47 million and $604 million for the same periods a year ago. All other income includes losses on low income housing tax credit investments, foreign currency adjustments, income from investments accounted for under the equity method, hedge accounting results related to hedges of foreign currency risk, and the results of certain economic hedges, any of which can cause decreases and net losses in other income. The increase in all other income in third quarter 2018, compared with the same period a year ago, was predominantly driven by a $638 million pre-tax gain from the sales of purchased credit-impaired Pick-a-Pay loans in third quarter 2018, partially offset by a lower benefit from hedge ineffectiveness accounting and lower income from equity method investments. The increase in all other income in the first nine months of 2018, compared with the same period a year ago, was predominantly driven by higher pre-tax gains from the sales of purchased credit-impaired Pick-a-Pay loans, and pre-tax gain from the sale of Wells Fargo Shareowner Services in second quarter 2018. These gains were partially offset by a realized loss related to the previously announced sale of certain assets and liabilities of Reliable Financial Services, Inc. (a subsidiary of Wells Fargo's automobile financing business), a lower benefit from hedge ineffectiveness accounting, and lower income from equity method investments.

## Noninterest Expense

**Table 3: Noninterest Expense**

| (in millions) | Quarter ended Sep 30, 2018 | Quarter ended Sep 30, 2017 | % Change | Nine months ended Sep 30, 2018 | Nine months ended Sep 30, 2017 | % Change |
|---|---|---|---|---|---|---|
| Salaries | **$ 4,461** | 4,356 | 2% | **$ 13,289** | 12,960 | 3% |
| Commission and incentive compensation | **2,427** | 2,553 | (5) | **7,837** | 7,777 | 1 |
| Employee benefits | **1,377** | 1,279 | 8 | **4,220** | 4,273 | (1) |
| Equipment | **634** | 523 | 21 | **1,801** | 1,629 | 11 |
| Net occupancy | **718** | 716 | — | **2,153** | 2,134 | 1 |
| Core deposit and other intangibles | **264** | 288 | (8) | **794** | 864 | (8) |
| FDIC and other deposit assessments | **336** | 314 | 7 | **957** | 975 | (2) |
| Operating losses | **605** | 1,329 | (54) | **2,692** | 1,961 | 37 |
| Outside professional services | **761** | 955 | (20) | **2,463** | 2,788 | (12) |
| Contract services (1) | **593** | 415 | 43 | **1,576** | 1,228 | 28 |
| Operating leases | **311** | 347 | (10) | **942** | 1,026 | (8) |
| Outside data processing | **166** | 227 | (27) | **492** | 683 | (28) |
| Travel and entertainment | **141** | 154 | (8) | **450** | 504 | (11) |
| Advertising and promotion | **223** | 137 | 63 | **603** | 414 | 46 |
| Postage, stationery and supplies | **120** | 128 | (6) | **383** | 407 | (6) |
| Telecommunications | **90** | 90 | — | **270** | 272 | (1) |
| Foreclosed assets | **59** | 66 | (11) | **141** | 204 | (31) |
| Insurance | **26** | 24 | 8 | **76** | 72 | 6 |
| All other (1) | **451** | 450 | — | **1,648** | 1,513 | 9 |
| Total | **$ 13,763** | 14,351 | (4) | **$ 42,787** | 41,684 | 3 |

(1) The prior periods have been revised to conform with the current period presentation whereby temporary help is included in contract services rather than in all other noninterest expense.

Noninterest expense was $13.8 billion in third quarter 2018, down 4% from $14.4 billion a year ago, and $42.8 billion in the first nine months of 2018, up 3% from the same period a year ago. The decrease in third quarter 2018, compared with the same period a year ago, was predominantly due to lower operating losses, partially offset by higher equipment expense. The increase in the first nine months of 2018, compared with the same period a year ago, was substantially due to higher operating losses and personnel expenses.

Personnel expenses, which include salaries, commissions, incentive compensation, and employee benefits, were up $77 million, or 1%, in third quarter 2018, compared with the same period a year ago, and up $336 million, or 1%, in the first nine months of 2018, compared with the same period a year ago. The increase in third quarter 2018 was due to salary increases and higher benefits expense, partially offset by lower revenue related incentive compensation, the impact of the sale of Wells Fargo Insurance Services in fourth quarter 2017, and lower staffing levels. The increase in the first nine months of 2018 was due to salary increases and higher benefits expense, partially offset by the impact of the sale of Wells Fargo Insurance Services, lower staffing levels, and lower deferred compensation costs (offset in net gains from equity securities).

Outside professional and contract services expense was down $16 million, or 1%, in third quarter 2018, compared with the same period a year ago, and up $23 million, or 1%, in the first nine months of 2018, compared with the same period a year ago. The decrease in third quarter 2018 reflected lower project and technology spending on regulatory and compliance related initiatives, while the increase in the first nine months of 2018 was due to higher project and technology spending, partially offset by lower legal expense.

Outside data processing expense was down $61 million in third quarter 2018, or 27%, compared with the same period a year ago, and down $191 million in the first nine months of 2018, or 28%, compared with the same period a year ago, reflecting lower data processing expense related to the GE Capital business acquisitions and the impact of the new revenue recognition accounting standard, which reduced noninterest expense and lowered card fees by an equal amount due to the netting of card payment network charges against related interchange and network revenues in card fees.

Operating losses were down $724 million, or 54%, in third quarter 2018, compared with the same period a year ago, and up $731 million, or 37%, in the first nine months of 2018, compared with the same period a year ago. The decrease in third quarter 2018 was driven by lower litigation accruals, partially offset by higher remediation accruals for previously disclosed matters, while the increase in the first nine months of 2018 was predominantly driven by higher remediation accruals for previously disclosed matters.

Advertising and promotion expense was up $86 million, or 63%, in third quarter 2018, compared with the same period a year ago, and up $189 million, or 46%, in the first nine months of 2018, compared with the same period a year ago, in each case due to higher advertising expense, including for the “Re-Established” advertising campaign launched in second quarter 2018.

Equipment expense was up $111 million, or 21%, in third quarter 2018, compared with the same period a year ago, and up $172 million, or 11%, in the first nine months of 2018, compared with the same period a year ago, in each case due to increased computer purchases and equipment expense related to the Company's migration to Windows 10, as well as depreciation expense.

All other noninterest expense in third quarter 2018 was flat, compared with the same period a year ago, and up $135 million, or 9%, in the first nine months of 2018, compared with the same period a year ago. The increase in the first nine months of 2018 was predominantly driven by higher donations expense.

Our efficiency ratio was 62.7% in third quarter 2018, compared with 65.7% in third quarter 2017.

## Income Tax Expense

Our effective income tax rate was 20.1% and 32.4% for third quarter 2018 and 2017, respectively, and was 22.3% in the first nine months of 2018, down from 29.0% in the first nine months of 2017. The effective income tax rate for third quarter 2018 included net discrete income tax expense of $168 million primarily related to the re-measurement of our initial estimates for the impacts of the Tax Cuts & Jobs Act (the Tax Act) recognized in fourth quarter 2017. The effective income tax rate for the first nine months of 2018 reflected the reduced U.S federal income tax rate as part of the Tax Act that was enacted in 2017, partially offset by discrete income tax expense items. We expect the effective income tax rate in fourth quarter 2018 to be approximately 19%, excluding the impact of any future discrete items. We continue to collect and analyze data related to provisional tax estimates recorded in fourth quarter 2017 and monitor interpretations that emerge for various provisions of the the Tax Act. We anticipate these items will be finalized upon completion of our U.S. tax filings in 2018.

## Operating Segment Results

We are organized for management reporting purposes into three operating segments: Community Banking; Wholesale Banking; and WIM. These segments are defined by product type and customer segment and their results are based on our management accounting process, for which there is no comprehensive, authoritative financial accounting guidance equivalent to generally accepted accounting principles (GAAP). Effective first quarter 2018, assets and liabilities now receive a funding charge or credit that considers interest rate risk, liquidity risk, and other product characteristics on a more granular level. This methodology change affects results across all three of our reportable operating segments and operating segment results for the prior periods of 2017 have been revised to reflect this methodology change. Our previously reported consolidated financial results were not impacted by the methodology change; however, in connection with the adoption of ASU 2016-01 in first quarter 2018, certain reclassifications have occurred within noninterest income. Table 4 and the following discussion present our results by operating segment. For additional description of our operating segments, including additional financial information and the underlying management accounting process, see Note 21 (Operating Segments) to Financial Statements in this Report.

**Table 4: Operating Segment Results – Highlights**

| (income/expense in millions, | Community Banking | | Wholesale Banking | | Wealth and Investment Management | | Other (1) | | Consolidated Company | |
|---|---|---|---|---|---|---|---|---|---|---|
| average balances in billions) | **2018** | 2017 | **2018** | 2017 | **2018** | 2017 | **2018** | 2017 | **2018** | 2017 |
| **Quarter ended Sep 30,** | | | | | | | | | | |
| Revenue | **$11,816** | 11,520 | **7,304** | 7,504 | **4,226** | 4,256 | **(1,405)** | (1,431) | **21,941** | 21,849 |
| Provision (reversal of provision) for credit losses | **547** | 650 | **26** | 69 | **6** | (1) | **1** | (1) | **580** | 717 |
| Noninterest expense | **7,467** | 7,852 | **3,935** | 4,234 | **3,243** | 3,102 | **(882)** | (837) | **13,763** | 14,351 |
| Net income (loss) | **2,816** | 1,877 | **2,851** | 2,314 | **732** | 719 | **(392)** | (368) | **6,007** | 4,542 |
| Average loans | **$ 460.9** | 473.7 | **462.8** | 463.7 | **74.6** | 72.4 | **(58.8)** | (57.5) | **939.5** | 952.3 |
| Average deposits | **760.9** | 734.6 | **413.6** | 463.4 | **159.8** | 184.4 | **(67.9)** | (76.0) | **1,266.4** | 1,306.4 |
| **Nine months ended Sep 30,** | | | | | | | | | | |
| Revenue | **$35,452** | 35,298 | **21,780** | 22,560 | **12,419** | 12,739 | **(4,223)** | (4,258) | **65,428** | 66,339 |
| Provision (reversal of provision) for credit losses | **1,249** | 1,919 | **(30)** | (39) | **(2)** | 2 | **6** | (5) | **1,223** | 1,877 |
| Noninterest expense | **23,459** | 22,399 | **12,132** | 12,437 | **9,894** | 9,377 | **(2,698)** | (2,529) | **42,787** | 41,684 |
| Net income (loss) | **7,225** | 7,466 | **8,361** | 7,541 | **1,891** | 2,095 | **(1,148)** | (1,070) | **16,329** | 16,032 |
| Average loans | **$ 465.0** | 476.5 | **464.2** | 466.3 | **74.4** | 71.6 | **(58.8)** | (56.8) | **944.8** | 957.6 |
| Average deposits | **756.4** | 726.8 | **424.4** | 463.7 | **168.2** | 190.6 | **(70.8)** | (78.8) | **1,278.2** | 1,302.3 |

(1) Includes the elimination of certain items that are included in more than one business segment, most of which represents products and services for WIM customers served through Community Banking distribution channels.

**Community Banking** offers a complete line of diversified financial products and services for consumers and small businesses including checking and savings accounts, credit and debit cards, and automobile, student, mortgage, home equity and small business lending, as well as referrals to Wholesale Banking and WIM business partners. The Community Banking segment also includes the results of our Corporate Treasury activities net of allocations (including funds transfer pricing, capital, liquidity and certain corporate expenses) in support of other segments and results of investments in our affiliated venture capital partnerships. We continue to wind down the personal insurance business and expect to substantially complete these activities in the first half of 2019. Table 4a provides additional financial information for Community Banking.

**Table 4a: Community Banking**

| | Quarter ended Sep 30, | | | Nine months ended Sep 30, | | |
|---|---|---|---|---|---|---|
| (in millions, except average balances which are in billions) | **2018** | 2017 | % Change | **2018** | 2017 | % Change |
| **Net interest income** | **$ 7,338** | 7,154 | 3% | **$ 21,879** | 21,419 | 2% |
| **Noninterest income:** | | | | | | |
| Service charges on deposit accounts | **700** | 739 | (5) | **1,971** | 2,206 | (11) |
| Trust and investment fees: | | | | | | |
| Brokerage advisory, commissions and other fees (1) | **470** | 461 | 2 | **1,413** | 1,357 | 4 |
| Trust and investment management (1) | **231** | 225 | 3 | **684** | 658 | 4 |
| Investment banking (2) | **(17)** | (13) | (31) | **(27)** | (60) | 55 |
| Total trust and investment fees | **684** | 673 | 2 | **2,070** | 1,955 | 6 |
| Card fees | **925** | 909 | 2 | **2,650** | 2,703 | (2) |
| Other fees | **344** | 362 | (5) | **1,019** | 1,152 | (12) |
| Mortgage banking | **747** | 937 | (20) | **2,284** | 3,081 | (26) |
| Insurance | **21** | 35 | (40) | **65** | 104 | (38) |
| Net gains (losses) from trading activities | **10** | (58) | 117 | **33** | (143) | 123 |
| Net gains (losses) on debt securities | **1** | 169 | (99) | **(1)** | 455 | NM |
| Net gains from equity securities (3) | **274** | 270 | 1 | **1,367** | 960 | 42 |
| Other income of the segment | **772** | 330 | 134 | **2,115** | 1,406 | 50 |
| Total noninterest income | **4,478** | 4,366 | 3 | **13,573** | 13,879 | (2) |
| **Total revenue** | **11,816** | 11,520 | 3 | **35,452** | 35,298 | — |
| **Provision for credit losses** | **547** | 650 | (16) | **1,249** | 1,919 | (35) |
| **Noninterest expense:** | | | | | | |
| Personnel expense | **5,414** | 5,026 | 8 | **16,325** | 15,229 | 7 |
| Equipment | **615** | 512 | 20 | **1,736** | 1,570 | 11 |
| Net occupancy | **542** | 531 | 2 | **1,618** | 1,577 | 3 |
| Core deposit and other intangibles | **100** | 112 | (11) | **303** | 336 | (10) |
| FDIC and other deposit assessments | **195** | 170 | 15 | **531** | 547 | (3) |
| Outside professional services | **335** | 464 | (28) | **1,162** | 1,367 | (15) |
| Operating losses | **577** | 1,295 | (55) | **2,304** | 1,853 | 24 |
| Other expense of the segment | **(311)** | (258) | (21) | **(520)** | (80) | NM |
| Total noninterest expense | **7,467** | 7,852 | (5) | **23,459** | 22,399 | 5 |
| **Income before income tax expense and noncontrolling interests** | **3,802** | 3,018 | 26 | **10,744** | 10,980 | (2) |
| Income tax expense | **925** | 1,079 | (14) | **3,147** | 3,316 | (5) |
| Net income from noncontrolling interests (4) | **61** | 62 | (2) | **372** | 198 | 88 |
| **Net income** | **$ 2,816** | 1,877 | 50 | **$ 7,225** | 7,466 | (3) |
| **Average loans** | **$ 460.9** | 473.7 | (3) | **$ 465.0** | 476.5 | (2) |
| **Average deposits** | **760.9** | 734.6 | 4 | **756.4** | 726.8 | 4 |

NM - Not meaningful
(1) Represents income on products and services for WIM customers served through Community Banking distribution channels and is eliminated in consolidation.
(2) Includes syndication and underwriting fees paid to Wells Fargo Securities which are offset in our Wholesale Banking segment.
(3) Primarily represents gains resulting from venture capital investments.
(4) Reflects results attributable to noncontrolling interests predominantly associated with the Company's consolidated venture capital investments.

Community Banking reported net income of $2.8 billion, up $939 million, or 50%, from third quarter 2017, and $7.2 billion for the first nine months of 2018, down $241 million, or 3%, compared with the same period a year ago. Revenue of $11.8 billion increased $296 million, or 3%, from third quarter 2017, and was $35.5 billion for the first nine months of 2018, an increase of $154 million, compared with the same period a year ago. The increase in revenue from third quarter 2017 was due to higher gains on the sales of PCI Pick-a-Pay mortgage loans and net interest income, partially offset by lower mortgage banking income and net gains from debt securities. The increase in revenue from the first nine months of 2017 was due to higher gains on the sales of PCI Pick-a-Pay mortgage loans, net interest income, and net gains from equity securities, partially offset by lower mortgage banking income, net gains from debt securities, and service charges on deposit accounts. Average loans of $460.9 billion in third quarter 2018 decreased $12.8 billion, or 3%, from third quarter 2017, and average loans of $465.0 billion in the first nine months of 2018 decreased $11.5 billion, or 2%, from the first nine months of 2017. The decline in average loans for both periods was predominantly due to lower automobile loans and junior lien mortgages, partially offset by higher real estate 1-4 family first mortgages. Average deposits of $760.9 billion in third quarter 2018 increased $26.3 billion, or 4%, from third quarter 2017, and increased $29.6 billion, or 4%, from the first nine months of 2017. The number of primary consumer checking customers (customers who actively use their checking account with transactions such as debit card purchases, online bill payments, and direct deposit) as of August 2018 was up 1.7% from August 2017. Noninterest expense was $7.5 billion in third quarter 2018, down $385 million, or 5%, from third quarter 2017, and was $23.5 billion in the first nine months of

2018, up $1.1 billion, or 5%, from the first nine months of 2017. The decrease in noninterest expense from third quarter 2017 was predominantly due to lower operating losses, partially offset by higher personnel expense. The increase in noninterest expense from the first nine months of 2017 was predominantly due to higher personnel expense and operating losses. The provision for credit losses decreased $103 million from third quarter 2017 and $670 million from the first nine months of 2017, both due to continued improvement in the consumer lending portfolio compared with the same periods a year ago. Income tax expense decreased $154 million from third quarter 2017 and decreased $169 million from the first nine months of 2017, driven by the beneficial impact of the reduced U.S. federal statutory income tax rate for 2018, partially offset by net discrete income tax expense items.

**Wholesale Banking** provides financial solutions to businesses across the United States and globally with annual sales generally in excess of $5 million. Products and businesses include Business Banking, Commercial Real Estate, Corporate Banking, Financial Institutions Group, Government and Institutional Banking, Middle Market Banking, Principal Investments, Treasury Management, Wells Fargo Commercial Capital, and Wells Fargo Securities. Table 4b provides additional financial information for Wholesale Banking.

**Table 4b: Wholesale Banking**

| | Quarter ended Sep 30, | | | Nine months ended Sep 30, | | |
|---|---|---|---|---|---|---|
| (in millions, except average balances which are in billions) | **2018** | 2017 | % Change | **2018** | 2017 | % Change |
| **Net interest income** | **$ 4,726** | 4,763 | (1)% | **$ 13,951** | 14,253 | (2)% |
| **Noninterest income:** | | | | | | |
| Service charges on deposit accounts | **505** | 538 | (6) | **1,569** | 1,658 | (5) |
| Trust and investment fees: | | | | | | |
| Brokerage advisory, commissions and other fees | **79** | 65 | 22 | **224** | 231 | (3) |
| Trust and investment management | **112** | 129 | (13) | **335** | 390 | (14) |
| Investment banking | **476** | 479 | (1) | **1,401** | 1,407 | — |
| Total trust and investment fees | **667** | 673 | (1) | **1,960** | 2,028 | (3) |
| Card fees | **92** | 91 | 1 | **275** | 260 | 6 |
| Other fees | **504** | 513 | (2) | **1,472** | 1,487 | (1) |
| Mortgage banking | **101** | 110 | (8) | **269** | 343 | (22) |
| Insurance | **76** | 225 | (66) | **233** | 695 | (66) |
| Net gains from trading activities | **135** | 157 | (14) | **514** | 615 | (16) |
| Net gains (losses) on debt securities | **53** | (5) | NM | **96** | (135) | 171 |
| Net gains from equity securities | **50** | 40 | 25 | **232** | 92 | 152 |
| Other income of the segment | **395** | 399 | (1) | **1,209** | 1,264 | (4) |
| Total noninterest income | **2,578** | 2,741 | (6) | **7,829** | 8,307 | (6) |
| **Total revenue** | **7,304** | 7,504 | (3) | **21,780** | 22,560 | (3) |
| **Provision (reversal of provision) for credit losses** | **26** | 69 | (62) | **(30)** | (39) | 23 |
| **Noninterest expense:** | | | | | | |
| Personnel expense | **1,302** | 1,607 | (19) | **4,224** | 5,012 | (16) |
| Equipment | **10** | 12 | (17) | **36** | 42 | (14) |
| Net occupancy | **99** | 106 | (7) | **299** | 322 | (7) |
| Core deposit and other intangibles | **95** | 102 | (7) | **284** | 310 | (8) |
| FDIC and other deposit assessments | **122** | 121 | 1 | **366** | 359 | 2 |
| Outside professional services | **234** | 301 | (22) | **722** | 830 | (13) |
| Operating losses | **(13)** | 22 | NM | **203** | 34 | 497 |
| Other expense of the segment | **2,086** | 1,963 | 6 | **5,998** | 5,528 | 9 |
| Total noninterest expense | **3,935** | 4,234 | (7) | **12,132** | 12,437 | (2) |
| **Income before income tax expense and noncontrolling interests** | **3,343** | 3,201 | 4 | **9,678** | 10,162 | (5) |
| Income tax expense | **475** | 894 | (47) | **1,302** | 2,642 | (51) |
| Net loss from noncontrolling interests | **17** | (7) | 343 | **15** | (21) | 171 |
| **Net income** | **$ 2,851** | 2,314 | 23 | **$ 8,361** | 7,541 | 11 |
| **Average loans** | **$ 462.8** | 463.7 | — | **$ 464.2** | 466.3 | — |
| **Average deposits** | **413.6** | 463.4 | (11) | **424.4** | 463.7 | (8) |

NM - Not meaningful

Wholesale Banking reported net income of $2.9 billion in third quarter 2018, up $537 million, or 23%, from third quarter 2017. In the first nine months of 2018, net income of $8.4 billion increased $820 million, or 11%, from the same period a year ago. Results for the third quarter and first nine months of 2018 benefited from the reduced U.S. federal statutory income tax rate, while the first nine months of 2017 included a discrete income tax benefit resulting from our agreement to sell Wells Fargo Insurance Services USA (WFIS). Revenue decreased $200 million, or 3%, from third quarter 2017, and $780 million, or 3%, from the first nine months of 2017, primarily due to the impact of the sale of WFIS in fourth quarter 2017, as well as lower net interest income. Net interest income decreased $37 million, or 1%, from third quarter 2017, and $302 million, or 2%, from the first nine months of 2017, as lower average loan and deposit balances and lower income on tax advantaged products were partially offset by higher interest rates. Noninterest income decreased $163 million, or 6%, from third quarter 2017, and decreased $478 million, or 6%, from the first nine months of 2017. Noninterest income decreased for both periods driven by the impact of the sale of WFIS, lower operating lease income and lower mortgage banking fees, partially offset by higher market sensitive revenue. Average loans of $462.8 billion in third quarter 2018 decreased $900 million from third quarter 2017, and average loans of $464.2 billion in the first nine months of 2018 decreased $2.1 billion from the first nine months of 2017, as

growth in commercial and industrial loans was more than offset by lower commercial real estate loans. Average deposits of $413.6 billion in third quarter 2018 decreased $49.8 billion, or 11%, from third quarter 2017, and average deposits of $424.4 billion in the first nine months of 2018 decreased $39.3 billion, or 8%, from the first nine months of 2017. The decline in average deposits for both periods was driven by actions taken in the first half of 2018 in response to the asset cap included in the FRB consent order on February 2, 2018, and declines across many businesses as commercial customers allocated more cash to higher-rate alternatives. Noninterest expense decreased $299 million, or 7%, from third quarter 2017, and decreased $305 million, or 2%, from the first nine months of 2017 on lower personnel expense primarily due to the sale of WFIS, lower variable compensation, and lower project spending, partially offset by higher regulatory, risk, cyber and technology expenses. The provision for credit losses decreased $43 million from third quarter 2017, and increased $9 million from the first nine months of 2017.

**Wealth and Investment Management** provides a full range of personalized wealth management, investment and retirement products and services to clients across U.S. based businesses including Wells Fargo Advisors, The Private Bank, Abbot Downing, Wells Fargo Institutional Retirement and Trust, and Wells Fargo Asset Management. We deliver financial planning, private banking, credit, investment management and fiduciary services to high-net worth and ultra-high-net worth individuals and families. We also serve clients' brokerage needs, supply retirement and trust services to institutional clients and provide investment management capabilities delivered to global institutional clients through separate accounts and the Wells Fargo Funds. Table 4c provides additional financial information for WIM.

**Table 4c: Wealth and Investment Management**

| | Quarter ended Sep 30, | | | Nine months ended Sep 30, | | |
|---|---|---|---|---|---|---|
| (in millions, except average balances which are in billions) | **2018** | 2017 | % Change | **2018** | 2017 | % Change |
| **Net interest income** | **$ 1,102** | 1,177 | (6)% | **$ 3,325** | 3,489 | (5)% |
| **Noninterest income:** | | | | | | |
| Service charges on deposit accounts | **3** | 3 | — | **12** | 13 | (8) |
| Trust and investment fees: | | | | | | |
| Brokerage advisory, commissions and other fees | **2,268** | 2,241 | 1 | **6,896** | 6,741 | 2 |
| Trust and investment management | **727** | 718 | 1 | **2,201** | 2,137 | 3 |
| Investment banking (1) | **3** | (1) | 400 | **4** | (2) | 300 |
| Total trust and investment fees | **2,998** | 2,958 | 1 | **9,101** | 8,876 | 3 |
| Card fees | **1** | 1 | — | **4** | 4 | — |
| Other fees | **4** | 5 | (20) | **13** | 14 | (7) |
| Mortgage banking | **(3)** | (3) | — | **(8)** | (7) | (14) |
| Insurance | **19** | 21 | (10) | **55** | 63 | (13) |
| Net gains from trading activities | **13** | 21 | (38) | **45** | 71 | (37) |
| Net gains on debt securities | **3** | 2 | 50 | **4** | 2 | 100 |
| Net gains (losses) from equity securities | **92** | 53 | 74 | **(105)** | 155 | NM |
| Other income of the segment | **(6)** | 18 | NM | **(27)** | 59 | NM |
| Total noninterest income | **3,124** | 3,079 | 1 | **9,094** | 9,250 | (2) |
| **Total revenue** | **4,226** | 4,256 | (1) | **12,419** | 12,739 | (3) |
| **Provision (reversal of provision) for credit losses** | **6** | (1) | 700 | **(2)** | 2 | NM |
| **Noninterest expense:** | | | | | | |
| Personnel expense | **2,010** | 1,984 | 1 | **6,212** | 6,068 | 2 |
| Equipment | **10** | (1) | NM | **31** | 19 | 63 |
| Net occupancy | **108** | 108 | — | **327** | 323 | 1 |
| Core deposit and other intangibles | **69** | 74 | (7) | **207** | 218 | (5) |
| FDIC and other deposit assessments | **33** | 38 | (13) | **103** | 117 | (12) |
| Outside professional services | **198** | 198 | — | **598** | 613 | (2) |
| Operating losses | **44** | 15 | 193 | **193** | 81 | 138 |
| Other expense of the segment | **771** | 686 | 12 | **2,223** | 1,938 | 15 |
| Total noninterest expense | **3,243** | 3,102 | 5 | **9,894** | 9,377 | 6 |
| **Income before income tax expense and noncontrolling interests** | **977** | 1,155 | (15) | **2,527** | 3,360 | (25) |
| Income tax expense | **244** | 433 | (44) | **630** | 1,255 | (50) |
| Net income from noncontrolling interests | **1** | 3 | (67) | **6** | 10 | (40) |
| **Net income** | **$ 732** | 719 | 2 | **$ 1,891** | 2,095 | (10) |
| **Average loans** | **$ 74.6** | 72.4 | 3 | **$ 74.4** | 71.6 | 4 |
| **Average deposits** | **159.8** | 184.4 | (13) | **168.2** | 190.6 | (12) |

NM – Not meaningful
(1) Includes syndication and underwriting fees paid to Wells Fargo Securities which are offset in our Wholesale Banking segment.

WIM reported net income of $732 million in third quarter 2018, up $13 million, or 2%, from third quarter 2017. Net income for the first nine months of 2018 was $1.9 billion, down $204 million, or 10%, from the same period a year ago. Results for the third quarter and first nine months of 2018 benefited from the lower U.S. federal statutory income tax rate. Revenue was down $30 million, or 1%, from third quarter 2017, and down $320 million, or 3%, from the first nine months of 2017, primarily due to the impairment on the sale of our ownership stake in RockCreek, and lower net interest income, partially offset by higher trust and investment fees. Net interest income decreased 6% from third quarter 2017, and 5% from the first nine months of 2017, predominantly driven by lower deposit balances. Noninterest income increased $45 million from third quarter 2017, driven by higher asset-based fees and net gains on equity securities, partially offset by lower brokerage transaction revenue. Noninterest income decreased $156 million from the first nine months of 2017, largely due to the impairment on the sale of our ownership stake in RockCreek, lower brokerage transaction revenue and deferred compensation plan investments (offset in employee benefits expense), partially offset by higher asset-based fees. Asset-based fees increased predominantly due to higher brokerage advisory account client assets driven by higher market valuations. Average loans of $74.6 billion in third quarter 2018 and $74.4 billion in the first nine months of 2018 increased 3% and 4%, respectively, from the same periods a year ago, driven by growth in nonconforming mortgage loans. Average deposits in third quarter 2018 of $159.8 billion decreased 13% from third quarter 2017. Average deposits in the first nine months of 2018 decreased 12% from the same period a year ago, as customers moved deposits into other investment alternatives. Noninterest expense was up 5% from third quarter 2017, and up 6% from the first nine months of 2017, driven by higher project and technology spending on regulatory and compliance related initiatives, higher operating losses, including remediation expense related to fee calculations within certain fiduciary and custody accounts in our wealth management business, and higher broker commissions, partially offset by lower deferred compensation plan expense (offset in net gains from equity securities). The provision for credit losses increased $7 million from third quarter 2017 and decreased $4 million from the first nine months of 2017.

The following discussions provide additional information for client assets we oversee in our retail brokerage advisory and trust and investment management business lines.

**Retail Brokerage Client Assets** Brokerage advisory, commissions and other fees are received for providing full-service and discount brokerage services predominantly to retail brokerage clients. Offering advisory account relationships to our brokerage clients is an important component of our broader strategy of meeting their financial needs. Although a majority of our retail brokerage client assets are in accounts that earn brokerage commissions, the fees from those accounts generally represent transactional commissions based on the number and size of transactions executed at the client's direction. Fees earned from advisory accounts are asset-based and depend on changes in the value of the client's assets as well as the level of assets resulting from inflows and outflows. A majority of our brokerage advisory, commissions and other fee income is earned from advisory accounts. Table 4d shows advisory account client assets as a percentage of total retail brokerage client assets at September 30, 2018 and 2017.

**Table 4d: Retail Brokerage Client Assets**

| | | September 30, |
|---|---|---|
| ($ in billions) | **2018** | 2017 |
| Retail brokerage client assets | **$ 1,642.1** | 1,612.1 |
| Advisory account client assets | **560.5** | 521.8 |
| Advisory account client assets as a percentage of total client assets | **34%** | 32 |

Retail Brokerage advisory accounts include assets that are financial advisor-directed and separately managed by third-party managers, as well as certain client-directed brokerage assets where we earn a fee for advisory and other services, but do not have investment discretion. These advisory accounts generate fees as a percentage of the market value of the assets, which vary across the account types based on the distinct services provided, and are affected by investment performance as well as asset inflows and outflows. For the third quarter of 2018 and 2017, the average fee rate by account type ranged from 80 to 120 basis points. Table 4e presents retail brokerage advisory account client assets activity by account type for the third quarter and first nine months of 2018 and 2017.

**Table 4e: Retail Brokerage Advisory Account Client Assets**

| | Quarter ended | | | | | Nine months ended | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| (in billions) | Balance, beginning of period | Inflows (1) | Outflows (2) | Market impact (3) | Balance, end of period | Balance, beginning of period | Inflows (1) | Outflows (2) | Market impact (3) | Balance, end of period |
| **September 30, 2018** | | | | | | | | | | |
| **Client directed (4)** | **$ 167.5** | **8.4** | **(9.8)** | **5.4** | **171.5** | **170.9** | **26.0** | **(30.1)** | **4.7** | **171.5** |
| **Financial advisor directed (5)** | **150.0** | **6.9** | **(7.5)** | **7.4** | **156.8** | **147.0** | **22.5** | **(24.0)** | **11.3** | **156.8** |
| **Separate accounts (6)** | **147.2** | **6.2** | **(6.8)** | **6.0** | **152.6** | **149.1** | **18.6** | **(21.1)** | **6.0** | **152.6** |
| **Mutual fund advisory (7)** | **77.9** | **3.1** | **(3.5)** | **2.1** | **79.6** | **75.8** | **10.3** | **(9.8)** | **3.3** | **79.6** |
| **Total advisory client assets** | **$ 542.6** | **24.6** | **(27.6)** | **20.9** | **560.5** | **542.8** | **77.4** | **(85.0)** | **25.3** | **560.5** |
| September 30, 2017 | | | | | | | | | | |
| Client directed (4) | $ 163.8 | 8.2 | (8.9) | 3.7 | 166.8 | 159.1 | 28.5 | (30.1) | 9.3 | 166.8 |
| Financial advisor directed (5) | 131.7 | 6.7 | (5.2) | 6.0 | 139.2 | 115.7 | 23.0 | (17.4) | 17.9 | 139.2 |
| Separate accounts (6) | 137.7 | 5.6 | (5.0) | 4.7 | 143.0 | 125.7 | 20.1 | (17.2) | 14.4 | 143.0 |
| Mutual fund advisory (7) | 69.3 | 3.2 | (2.3) | 2.6 | 72.8 | 63.3 | 9.9 | (8.0) | 7.6 | 72.8 |
| Total advisory client assets | $ 502.5 | 23.7 | (21.4) | 17.0 | 521.8 | 463.8 | 81.5 | (72.7) | 49.2 | 521.8 |

(1) Inflows include new advisory account assets, contributions, dividends and interest.
(2) Outflows include closed advisory account assets, withdrawals, and client management fees.
(3) Market impact reflects gains and losses on portfolio investments.
(4) Investment advice and other services are provided to client, but decisions are made by the client and the fees earned are based on a percentage of the advisory account assets, not the number and size of transactions executed by the client.
(5) Professionally managed portfolios with fees earned based on respective strategies and as a percentage of certain client assets.
(6) Professional advisory portfolios managed by Wells Fargo Asset Management or third-party asset managers. Fees are earned based on a percentage of certain client assets.
(7) Program with portfolios constructed of load-waived, no-load and institutional share class mutual funds. Fees are earned based on a percentage of certain client assets.

**Trust and Investment Client Assets Under Management**

We earn trust and investment management fees from managing and administering assets, including mutual funds, institutional separate accounts, personal trust, employee benefit trust and agency assets through our asset management, wealth and retirement businesses. Our asset management business is conducted by Wells Fargo Asset Management (WFAM), which offers Wells Fargo proprietary mutual funds and manages institutional separate accounts. Our wealth business manages assets for high net worth clients, and our retirement business provides total retirement management, investments, and trust and custody solutions tailored to meet the needs of institutional clients. Substantially all of our trust and investment management fee income is earned from AUM where we have discretionary management authority over the investments and generate fees as a percentage of the market value of the AUM. Table 4f presents AUM activity for the third quarter and first nine months of 2018 and 2017.

**Table 4f: WIM Trust and Investment – Assets Under Management**

| | Quarter ended | | | | | Nine months ended | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| (in billions) | Balance, beginning of period | Inflows (1) | Outflows (2) | Market impact (3) | Balance, end of period | Balance, beginning of period | Inflows (1) | Outflows (2) | Market impact (3) | Balance, end of period |
| **September 30, 2018** | | | | | | | | | | |
| **Assets managed by WFAM (4):** | | | | | | | | | | |
| **Money market funds (5)** | **$ 107.7** | **—** | **(0.4)** | **—** | **107.3** | **108.2** | **—** | **(0.9)** | **—** | **107.3** |
| **Other assets managed** | **386.5** | **19.7** | **(35.2)** | **4.3** | **375.3** | **395.7** | **66.3** | **(91.7)** | **5.0** | **375.3** |
| **Assets managed by Wealth and Retirement (6)** | **183.2** | **7.3** | **(8.7)** | **4.0** | **185.8** | **186.2** | **26.8** | **(30.4)** | **3.2** | **185.8** |
| **Total assets under management** | **$ 677.4** | **27.0** | **(44.3)** | **8.3** | **668.4** | **690.1** | **93.1** | **(123.0)** | **8.2** | **668.4** |
| September 30, 2017 | | | | | | | | | | |
| Assets managed by WFAM (4): | | | | | | | | | | |
| Money market funds (5) | $ 94.7 | 7.7 | — | — | 102.4 | 102.6 | — | (0.2) | — | 102.4 |
| Other assets managed | 392.5 | 25.4 | (31.2) | 7.3 | 394.0 | 379.6 | 89.0 | (98.8) | 24.2 | 394.0 |
| Assets managed by Wealth and Retirement (6) | 175.6 | 10.1 | (8.7) | 4.0 | 181.0 | 168.5 | 29.5 | (29.1) | 12.1 | 181.0 |
| Total assets under management | $ 662.8 | 43.2 | (39.9) | 11.3 | 677.4 | 650.7 | 118.5 | (128.1) | 36.3 | 677.4 |

(1) Inflows include new managed account assets, contributions, dividends and interest.
(2) Outflows include closed managed account assets, withdrawals and client management fees.
(3) Market impact reflects gains and losses on portfolio investments.
(4) Assets managed by WFAM consist of equity, alternative, balanced, fixed income, money market, and stable value, and include client assets that are managed or sub-advised on behalf of other Wells Fargo lines of business.
(5) Money Market funds activity is presented on a net inflow or net outflow basis, because the gross flows are not meaningful nor used by management as an indicator of performance.
(6) Includes $4.9 billion and $5.7 billion as of September 30, 2018 and 2017, respectively, of client assets invested in proprietary funds managed by WFAM.

# Balance Sheet Analysis

At September 30, 2018, our assets totaled $1.87 trillion, down $78.8 billion from December 31, 2017. Asset decline was driven by declines in interest-earning deposits with banks, available-for-sale debt securities, and loans, which decreased by $51.8 billion, $13.4 billion, and $14.5 billion, respectively, from December 31, 2017. Liabilities totaled $1.7 trillion, down $70.4 billion from December 31, 2017. The decline in liabilities was due to declines in total deposits and long-term debt, which decreased by $69.4 billion and $3.7 billion, respectively, from December 31, 2017. Total equity decreased by $8.4 billion from December 31, 2017, predominantly due to a $4.7 billion decline in cumulative other comprehensive income, a $10.6 billion increase in treasury stock, and a $1.9 billion decline in preferred stock, partially offset by a $9.3 billion increase in retained earnings, net of dividends paid.

The following discussion provides additional information about the major components of our balance sheet. Information regarding our capital and changes in our asset mix is included in the "Earnings Performance – Net Interest Income" and "Capital Management" sections and Note 22 (Regulatory and Agency Capital Requirements) to Financial Statements in this Report.

## Available-for-Sale and Held-to-Maturity Debt Securities

**Table 5: Available-for-Sale and Held-to-Maturity Debt Securities**

| | September 30, 2018 | | | December 31, 2017 | | |
|---|---|---|---|---|---|---|
| (in millions) | **Amortized Cost** | **Net unrealized gain (loss)** | **Fair value** | Amortized Cost | Net unrealized gain (loss) | Fair value |
| Available-for-sale | **266,722** | **(3,758)** | **262,964** | 275,096 | 1,311 | 276,407 |
| Held-to-maturity | **144,131** | **(5,095)** | **139,036** | 139,335 | (350) | 138,985 |
| Total (1) | **$ 410,853** | **(8,853)** | **402,000** | 414,431 | 961 | 415,392 |

(1) Available-for-sale debt securities are carried on the balance sheet at fair value. Held-to-maturity debt securities are carried on the balance sheet at amortized cost.

Table 5 presents a summary of our available-for-sale and held-to-maturity debt securities, which decreased $8.6 billion in balance sheet carrying value from December 31, 2017, largely due to net declines in federal agency mortgage-backed securities, residential mortgage-backed securities, securities of U.S. states and political subdivisions, and corporate debt securities.

The total net unrealized losses on available-for-sale debt securities were $3.8 billion at September 30, 2018, down from net unrealized gains of $1.3 billion at December 31, 2017, primarily due to higher long-term interest rates. For a discussion of our investment management objectives and practices, see the "Balance Sheet Analysis" section in our 2017 Form 10-K. Also, see the "Risk Management – Asset/Liability Management" section in this Report for information on our use of investments to manage liquidity and interest rate risk.

We analyze debt securities for other-than-temporary impairment (OTTI) quarterly or more often if a potential loss-triggering event occurs. In the first nine months of 2018, we recognized $23 million of OTTI write-downs on debt securities. For a discussion of our OTTI accounting policies and underlying considerations and analysis see Note 1 (Summary of Significant Accounting Policies) to Financial Statements in our 2017 Form 10-K and Note 5 (Available-for-Sale and Held-to-Maturity Debt Securities) to Financial Statements in this Report.

At September 30, 2018, debt securities included $54.5 billion of municipal bonds, of which 94.1% were rated "A-" or better based largely on external and, in some cases, internal ratings. Additionally, some of the debt securities in our total municipal bond portfolio are guaranteed against loss by bond insurers. These guaranteed bonds are predominantly investment grade and were generally underwritten in accordance with our own investment standards prior to the determination to purchase, without relying on the bond insurer's guarantee in making the investment decision. The credit quality of our municipal bond holdings are monitored as part of our ongoing impairment analysis.

The weighted-average expected maturity of debt securities available-for-sale was 6.2 years at September 30, 2018. The expected remaining maturity is shorter than the remaining contractual maturity for the 61% of this portfolio that is MBS because borrowers generally have the right to prepay obligations before the underlying mortgages mature. The estimated effects of a 200 basis point increase or decrease in interest rates on the fair value and the expected remaining maturity of the MBS available-for-sale portfolio are shown in Table 6.

**Table 6: Mortgage-Backed Securities Available for Sale**

| (in billions) | Fair value | Net unrealized gain (loss) | Expected remaining maturity (in years) |
|---|---|---|---|
| At September 30, 2018 | | | |
| Actual | $ 160.5 | (4.8) | 6.4 |
| Assuming a 200 basis point: | | | |
| Increase in interest rates | 142.2 | (23.1) | 8.4 |
| Decrease in interest rates | 173.1 | 7.8 | 3.6 |

The weighted-average expected maturity of debt securities held-to-maturity was 6.2 years at September 30, 2018. See Note 5 (Available-for-Sale and Held-to-Maturity Debt Securities) to Financial Statements in this Report for a summary of debt securities by security type.

## Loan Portfolios

Table 7 provides a summary of total outstanding loans by portfolio segment. Total loans decreased $14.5 billion from December 31, 2017, with a decline in commercial real estate loans reflecting continued credit discipline, partially offset by growth in commercial and industrial loans. The decrease in loans also reflected paydowns, sales of 1-4 family first mortgage PCI Pick-a-Pay loans, a continued decline in junior lien mortgage loans, reclassification of automobile loans of Reliable Financial Services, Inc. to loans held for sale, and an expected decline in automobile loans as originations were more than offset by paydowns.

**Table 7: Loan Portfolios**

| (in millions) | | **September 30, 2018** | December 31, 2017 |
|---|---|---|---|
| Commercial | **$** | **501,886** | 503,388 |
| Consumer | | **440,414** | 453,382 |
| Total loans | **$** | **942,300** | 956,770 |
| Change from prior year-end | **$** | **(14,470)** | (10,834) |

A discussion of average loan balances and a comparative detail of average loan balances is included in Table 1 under "Earnings Performance – Net Interest Income" earlier in this Report. Additional information on total loans outstanding by portfolio segment and class of financing receivable is included in the "Risk Management – Credit Risk Management" section in this Report. Period-end balances and other loan related information are in Note 6 (Loans and Allowance for Credit Losses) to Financial Statements in this Report.

Table 8 shows contractual loan maturities for loan categories normally not subject to regular periodic principal reduction and the contractual distribution of loans in those categories to changes in interest rates.

**Table 8: Maturities for Selected Commercial Loan Categories**

| | **September 30, 2018** | | | | December 31, 2017 | | | |
|---|---|---|---|---|---|---|---|---|
| (in millions) | **Within one year** | **After one year through five years** | **After five years** | **Total** | Within one year | After one year through five years | After five years | Total |
| Selected loan maturities: | | | | | | | | |
| Commercial and industrial | **$ 104,800** | **208,060** | **25,188** | **338,048** | 105,327 | 201,530 | 26,268 | 333,125 |
| Real estate mortgage | **16,301** | **63,006** | **41,096** | **120,403** | 20,069 | 64,384 | 42,146 | 126,599 |
| Real estate construction | **9,725** | **12,687** | **1,278** | **23,690** | 9,555 | 13,276 | 1,448 | 24,279 |
| Total selected loans | **$ 130,826** | **283,753** | **67,562** | **482,141** | 134,951 | 279,190 | 69,862 | 484,003 |
| Distribution of loans to changes in interest rates: | | | | | | | | |
| Loans at fixed interest rates | **$ 16,989** | **28,680** | **27,951** | **73,620** | 18,587 | 30,049 | 26,748 | 75,384 |
| Loans at floating/variable interest rates | **113,837** | **255,073** | **39,611** | **408,521** | 116,364 | 249,141 | 43,114 | 408,619 |
| Total selected loans | **$ 130,826** | **283,753** | **67,562** | **482,141** | 134,951 | 279,190 | 69,862 | 484,003 |

## Deposits

Deposits were $1.3 trillion at September 30, 2018, down $69.4 billion from December 31, 2017, due to a decrease in commercial deposits from financial institutions and a decline in consumer and small business banking deposits. The decline in commercial deposits from financial institutions was due to actions taken in the first half of 2018 in response to the asset cap included in the consent order issued by the Board of Governors of the Federal Reserve System on February 2, 2018, and declines across many businesses as commercial customers allocated more cash to higher-rate alternative investments. The decline in consumer and small business banking deposits was due to higher balance customers moving a portion of those balances to other cash alternatives offering higher rates. Table 9 provides additional information regarding deposits. Information regarding the impact of deposits on net interest income and a comparison of average deposit balances is provided in the "Earnings Performance – Net Interest Income" section and Table 1 earlier in this Report.

**Table 9: Deposits**

| ($ in millions) | **Sep 30, 2018** | **% of total deposits** | Dec 31, 2017 | % of total deposits | % Change |
|---|---|---|---|---|---|
| Noninterest-bearing | **$ 352,869** | **27%** | $ 373,722 | 28% | (6) |
| Interest-bearing checking | **49,517** | **4** | 51,928 | 4 | (5) |
| Market rate and other savings | **695,291** | **55** | 690,168 | 52 | 1 |
| Savings certificates | **21,257** | **2** | 20,415 | 2 | 4 |
| Other time deposits | **89,824** | **7** | 71,715 | 4 | 25 |
| Deposits in foreign offices (1) | **57,836** | **5** | 128,043 | 10 | (55) |
| Total deposits | **$ 1,266,594** | **100%** | $ 1,335,991 | 100% | (5) |

(1) Includes Eurodollar sweep balances of $29.7 billion and $80.1 billion at September 30, 2018, and December 31, 2017, respectively.

## Fair Value of Financial Instruments

We use fair value measurements to record fair value adjustments to certain financial instruments and to determine fair value disclosures. See the "Critical Accounting Policies" section in our 2017 Form 10-K and Note 15 (Fair Values of Assets and Liabilities) to Financial Statements in this Report for a description of our critical accounting policy related to fair value of financial instruments and a discussion of our fair value measurement techniques.

Table 10 presents the summary of the fair value of financial instruments recorded at fair value on a recurring basis, and the amounts measured using significant Level 3 inputs (before derivative netting adjustments). The fair value of the remaining assets and liabilities were measured using valuation methodologies involving market-based or market-derived information (collectively Level 1 and 2 measurements).

**Table 10: Fair Value Level 3 Summary**

| | **September 30, 2018** | | December 31, 2017 | |
|---|---|---|---|---|
| ($ in billions) | **Total balance** | **Level 3 (1)** | Total balance | Level 3 (1) |
| Assets carried at fair value | **$ 409.7** | **27.9** | 416.6 | 24.9 |
| As a percentage of total assets | **22%** | **1** | 21 | 1 |
| Liabilities carried at fair value | **$ 32.6** | **2.0** | 27.3 | 2.0 |
| As a percentage of total liabilities | **2%** | ***** | 2 | * |

* Less than 1%.
(1) Before derivative netting adjustments.

See Note 15 (Fair Values of Assets and Liabilities) to Financial Statements in this Report for additional information on fair value measurements and a description of the Level 1, 2 and 3 fair value hierarchy.

## Equity

Total equity was $199.7 billion at September 30, 2018, compared with $208.1 billion at December 31, 2017. The decrease was driven by a $4.7 billion decline in cumulative other comprehensive income predominantly due to fair value adjustments to available-for-sale securities caused by an increase in long-term interest rates, a $10.6 billion increase in treasury stock, and a $1.9 billion decline in preferred stock, partially offset by a $9.3 billion increase in retained earnings net of dividends paid.

## Off-Balance Sheet Arrangements

In the ordinary course of business, we engage in financial transactions that are not recorded on the balance sheet, or may be recorded on the balance sheet in amounts that are different from the full contract or notional amount of the transaction. Our off-balance sheet arrangements include commitments to lend and purchase debt and equity securities, transactions with unconsolidated entities, guarantees, derivatives, and other commitments. These transactions are designed to (1) meet the financial needs of customers, (2) manage our credit, market or liquidity risks, and/or (3) diversify our funding sources.

### Commitments to Lend and Purchase Debt and Equity Securities

We enter into commitments to lend funds to customers, which are usually at a stated interest rate, if funded, and for specific purposes and time periods. When we make commitments, we are exposed to credit risk. However, the maximum credit risk for these commitments will generally be lower than the contractual amount because a significant portion of these commitments is expected to expire without being used by the customer. For more information on lending commitments, see Note 6 (Loans and Allowance for Credit Losses) to Financial Statements in this Report. We also enter into commitments to purchase securities under resale agreements. For more information on commitments to purchase securities under resale agreements, see Note 12 (Guarantees, Pledged Assets and Collateral, and Other Commitments) to Financial Statements in this Report. We also may enter into commitments to purchase debt and equity securities to provide capital for customers' funding, liquidity or other future needs. For more information, see the “Off-Balance Sheet Arrangements – Contractual Cash Obligations” section in our 2017 Form 10-K and Note 12 (Guarantees, Pledged Assets and Collateral, and Other Commitments) to Financial Statements in this Report.

### Transactions with Unconsolidated Entities

In the normal course of business, we enter into various types of on- and off-balance sheet transactions with special purpose entities (SPEs), which are corporations, trusts, limited liability companies or partnerships that are established for a limited purpose. Generally, SPEs are formed in connection with securitization transactions and are considered variable interest entities (VIEs). For more information on securitizations, including sales proceeds and cash flows from securitizations, see Note 9 (Securitizations and Variable Interest Entities) to Financial Statements in this Report.

### Guarantees and Certain Contingent Arrangements

Guarantees are contracts that contingently require us to make payments to a guaranteed party based on an event or a change in an underlying asset, liability, rate or index. Guarantees are generally in the form of standby letters of credit, securities lending and other indemnifications, written put options, recourse obligations and other types of arrangements. For more information on guarantees and certain contingent arrangements, see Note 12 (Guarantees, Pledged Assets and Collateral, and Other Commitments) to Financial Statements in this Report.

### Derivatives

We use derivatives to manage exposure to market risk, including interest rate risk, credit risk and foreign currency risk, and to assist customers with their risk management objectives. Derivatives are recorded on the balance sheet at fair value, and volume can be measured in terms of the notional amount, which is generally not exchanged but is used only as the basis on which interest and other payments are determined. The notional amount is not recorded on the balance sheet and is not, when viewed in isolation, a meaningful measure of the risk profile of the instruments. For more information on derivatives, see Note 14 (Derivatives) to Financial Statements in this Report.

### Other Commitments

We also have other off-balance sheet transactions, including obligations to make rental payments under noncancelable operating leases. Our operating lease obligations are discussed in Note 7 (Premises, Equipment, Lease Commitments and Other Assets) to Financial Statements in our 2017 Form 10-K.

# Risk Management

Wells Fargo manages a variety of risks that can significantly affect our financial performance and our ability to meet the expectations of our customers, stockholders, regulators and other stakeholders. We operate under a Board approved risk management framework which outlines our company-wide approach to risk management and oversight and describes the structures and practices employed to manage current and emerging risks inherent to Wells Fargo. During third quarter 2018, our Board's Risk Committee approved enhancements to our risk management framework. We believe these enhancements transform and clarify our risk management approach by emphasizing the role of risk management when setting corporate strategy and by further rationalizing and integrating certain risk management organizational, governance and reporting practices. The discussion that follows updates our discussion of risk management contained in the "Risk Management" section in our 2017 Form 10-K.

**Risk Management Framework**

Our risk management framework defines how we manage risk in a comprehensive, integrated and consistent manner and lays out our vision for the risk management of the organization. It reinforces each team member's personal accountability for risk management and is built on a foundation that begins with a deep understanding of the Company's processes, risks and controls. Our risk management framework also supports members of senior management in achieving the Company's strategic objectives and priorities, and it supports the Board as it carries out its risk oversight responsibilities.

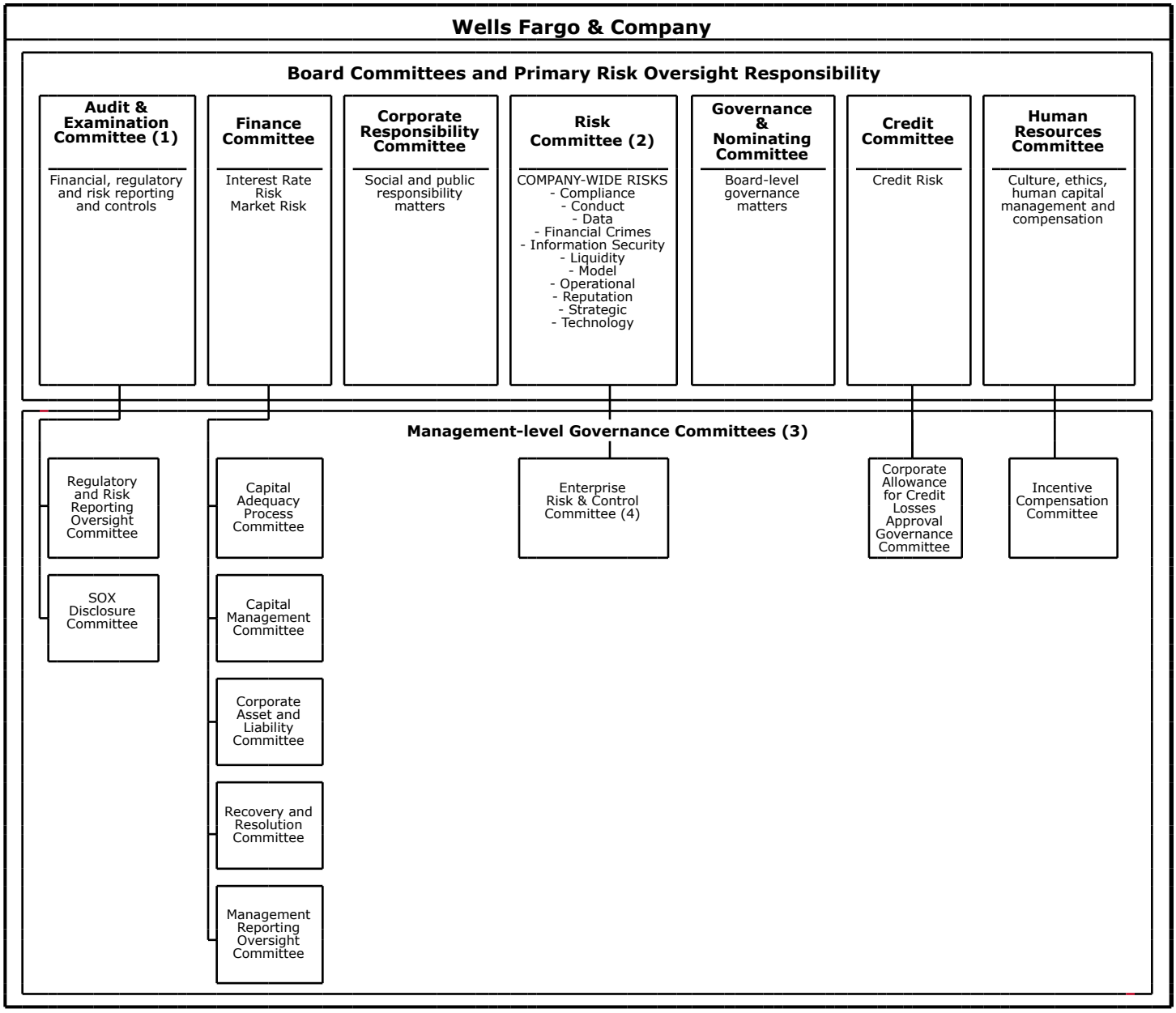
The risk management framework consists of three lines of defense: (1) the front line which consists of Wells Fargo's risk-generating activities, including all activities of its four primary business groups (Consumer Banking; Wholesale Banking; Wealth and Investment Management; and Payments, Virtual Solutions & Innovation) and certain activities of its enterprise functions (Human Resources, Enterprise Finance, Technology, Legal Department, Corporate Risk, and Wells Fargo Audit Services); (2) independent risk management, which consists of our Corporate Risk function and is led by our Chief Risk Officer (CRO) who reports to the Board's Risk Committee; and (3) internal audit, which is Wells Fargo Audit Services and is led by our Chief Auditor who reports to the Board's Audit & Examination Committee. In addition to the three lines of defense, our risk management framework includes enterprise control activities, which are certain specialized activities performed within centralized enterprise functions (such as Human Resources and the Legal Department) with a focus on controlling specific risks. Key elements of our risk management framework include:

- A **strong culture** that emphasizes each team member's ownership and understanding of risk. We want to cultivate an environment that expects and promotes robust communication and cooperation among the three lines of defense and supports identifying, escalating and addressing current and emerging risk issues.
- A **company-wide statement of risk appetite** that guides business and risk leaders as they manage risk on a daily basis. The company-wide statement of risk appetite describes the nature and magnitude of risk that the Company is willing to assume in pursuit of its business and strategic objectives, consistent with capital, liquidity and other regulatory requirements.
- A **risk management governance structure**, including escalation requirements and a committee structure that helps provide comprehensive oversight of the risks we face.
- A **company-wide risk inventory** that promotes a standardized and systematic process to identify and quantify risks at the business group and enterprise level to guide strategic business decisions and capital planning efforts.
- **Policies, procedures and controls** which form an integrated risk management program that promotes active, prompt, and consistent identification, measurement, assessment, control, mitigation, reporting and monitoring of current and emerging risk exposures across Wells Fargo and are integrated with clear enterprise risk roles and responsibilities for the three lines of defense.
- **Three lines of defense** that are closely integrated, each with specific roles and responsibilities for risk management and a clear engagement model that promotes challenge and appropriate escalation of issues and information.

**Board and Management-level Committee Structure**

Wells Fargo's Board committee and management-level governance committee structures are designed to ensure that key risks are identified and escalated and, if necessary, decided upon at the appropriate level of the Company. Accordingly, the structure is composed of defined escalation and reporting paths from the front line to independent risk management and management-level governance committees and, ultimately, to the Board as appropriate. Each management-level governance committee has defined escalation processes, authorities and responsibilities as outlined in each of their charters. Our Board committee and management-level governance committee structures, and the primary risk oversight responsibilities of each of those committees, is presented in Table 11.

**Table 11: Board and Management-level Governance Committee Structure**




(1) The Audit & Examination Committee additionally oversees the internal audit function, external auditor independence, activities, and performance, and the disclosure framework for financial, regulatory and risk reports prepared for the Board, management, and bank regulatory agencies, and assists the Board in its oversight of the Company's compliance with legal and regulatory requirements.
(2) The Risk Committee also has a compliance subcommittee and a technology subcommittee to assist it in providing oversight of those risks.
(3) Pursuant to their charters, many of the management-level governance committees have formed one or more sub-committees to address specific risk matters.
(4) Certain committees report to the Enterprise Risk & Control Committee and have dual escalation and informational reporting paths to Board committees.

## Board Oversight of Risk

The business and affairs of the Company are managed under the direction of the Board, whose responsibilities include overseeing the implementation of the Company's risk management framework and the ongoing oversight and governance of the Company's risk management activities. The Board carries out its risk oversight responsibilities directly and through the work of its seven standing committees, which all report to the full Board. Each Board committee works closely with management to understand and oversee the Company's key risk exposures.

The Risk Committee oversees company-wide risks. The Board's other standing committees also have primary oversight responsibility for certain specific risk matters, as highlighted in Table 11.

The Risk Committee additionally oversees the Company's Corporate Risk function and plays an active role in approving and overseeing the Company's risk management framework. The Risk Committee and the full Board review and approve the enterprise statement of risk appetite annually, and the Risk Committee also actively monitors the risk profile relative to the approved risk appetite.

The full Board receives reports at each of its regular meetings from the Board committee chairs about committee activities, including risk oversight matters, and the Risk Committee receives periodic reports from management regarding current or emerging risk matters.

**Management Oversight of Risk**

The Company's management-level governance committees are designed to enable understanding, consideration and decision-making of significant risk and control matters at the appropriate level of the Company and by the appropriate mix of executives. Each committee has a defined set of authorities and responsibilities as set forth in its charter, and each committee has defined escalation paths and risk reporting responsibilities, including to the Board or Board committees, as appropriate.

The Company recently enhanced its management-level governance committee structure by replacing its Enterprise Risk Management Committee with an Enterprise Risk & Control Committee. The Company also integrated many of the risk-specific responsibilities of committees that previously reported to the Enterprise Risk Management Committee into new Risk & Control Committees for each business group and enterprise function. We believe these changes promote greater focus on the risks and corresponding controls within each business group and enterprise function.

The Enterprise Risk & Control Committee is co-chaired by the Company's CEO and CRO and has a direct escalation path to the Board's Risk Committee. The Enterprise Risk & Control Committee governs the management of financial risks, non-financial risks, and enterprise and other risk programs. It considers and makes decisions on risk and control matters, addresses escalated issues, actively oversees risk mitigation, and provides regular updates to the Board's Risk Committee regarding emerging risks and senior management's assessment of the effectiveness of the Company's risk management program. It also may escalate other risk and control matters to other Board committees as appropriate based on their primary risk oversight responsibilities. The Risk & Control Committee for each business group and enterprise function reports to the Enterprise Risk & Control Committee and each have a mandate that mirrors the Enterprise Risk & Control Committee but is limited to the relevant business group or enterprise function. The focus of these committees is on the risks that each group or function generates and each of these committees is responsible for managing, and on the controls each group or function is expected to have in place. Additionally, there are standalone specific risk type- or program-specific management-level risk governance committees reporting to the Enterprise Risk & Control Committee to help provide complete and comprehensive governance for certain risk areas. To supplement our management-level governance committees, additional management forums exist to support broader and deeper reviews, examinations, and discussions of enterprise wide views of risk.

While the Enterprise Risk & Control Committee and the committees that report to it serve as the focal point for the management of company-wide risk matters, the management of certain specific risk types is supported by additional management-level governance committees, which all report to at least one of the Board's standing committees.

The Corporate Risk function, which is the Company's independent risk management organization, is headed by the Company's CRO who, among other things, is responsible for setting the strategic direction and driving the execution of Wells Fargo's risk management activities. The Corporate Risk function provides senior management and the Board with an independent perspective of the level of risk to which the Company is exposed.

Corporate Risk develops our enterprise statement of risk appetite in the context of our risk management framework described above. As part of Wells Fargo's risk appetite, we maintain metrics along with associated objectives to measure and monitor the amount of risk that the Company is prepared to take. Actual results of these metrics are reported to the Enterprise Risk & Control Committee on a quarterly basis as well as to the Board's Risk Committee. Our business groups also have business-specific risk appetite statements based on the enterprise statement of risk appetite. The metrics included in the business group statements are harmonized with the enterprise level metrics to ensure consistency where appropriate. Business lines also maintain metrics and qualitative statements that are unique to their line of business. This allows for monitoring of risk and definition of risk appetite deeper within the organization.

The Company's senior management, including the CRO and Chief Auditor, work closely with the Board's committees and provide reports and updates on an ongoing basis to those committees and the committee chairs on risk matters during and outside of regular committee meetings, as appropriate.

**Operational Risk Management**

Operational risk is the risk resulting from inadequate or failed controls, internal processes, people and systems, or external events. Operational risk is inherent in all Wells Fargo activities.

The Board's Risk Committee has primary oversight responsibility for all aspects of operational risk, including significant policies and programs regarding the Company's business continuity, data management, information security, privacy, technology, and third-party risk management. As part of its oversight responsibilities, the Board's Risk Committee approves operational risk appetite qualitative statements including inner and outer boundaries, reviews and approves significant operational risk policies, and oversees the Company's ongoing operational risk management program.

At the management level, the Operational Risk function, which is part of Corporate Risk, has primary oversight responsibility for operational risk. The Operational Risk function reports to the CRO and also provides periodic reporting related to operational risk to the Board's Risk Committee. In addition, the Risk & Control Committee for each business group and enterprise function reports operational risk matters to the Enterprise Risk & Control Committee.

Information security is a significant operational risk for financial institutions such as Wells Fargo, and includes the risk of losses resulting from cyber attacks. Our Board is actively engaged in the oversight of the Company's information security risk management and cyber defense programs. The Board's Risk Committee has primary oversight responsibility for information security and receives regular updates and reporting from management on information and cyber security matters, including information related to any third-party assessments of the Company's cyber program. In addition, the Risk Committee annually approves the Company's information security program which includes the cyber defense program and information security policy. In 2017, the Risk Committee also formed a Technology Subcommittee to assist it in providing oversight of technology, information security, and cyber risks as well as data governance and management. The Technology Subcommittee reports to the Risk Committee and updates are provided by the Risk Committee and the Technology Subcommittee to the full Board.

Wells Fargo and other financial institutions continue to be the target of various evolving and adaptive cyber attacks, including malware and denial-of-service, as part of an effort to disrupt the operations of financial institutions, potentially test their cybersecurity capabilities, commit fraud, or obtain confidential, proprietary or other information. Cyber attacks have also focused on targeting online applications and services, such as online banking, as well as cloud-based services provided by

third parties, and have targeted the infrastructure of the internet causing the widespread unavailability of websites and degrading website performance. Wells Fargo has not experienced any material losses relating to these or other cyber attacks. Addressing cybersecurity risks is a priority for Wells Fargo, and we continue to develop and enhance our controls, processes and systems in order to protect our networks, computers, software and data from attack, damage or unauthorized access. We are also proactively involved in industry cybersecurity efforts and working with other parties, including our third-party service providers and governmental agencies, to continue to enhance defenses and improve resiliency to cybersecurity threats. See the "Risk Factors" section in our 2017 Form 10-K for additional information regarding the risks associated with a failure or breach of our operational or security systems or infrastructure, including as a result of cyber attacks.

**Compliance Risk Management**

Compliance risk is the risk resulting from the failure to comply with applicable laws, regulations, rules, and other regulatory requirements, and the failure to appropriately address and limit violations of law and any associated harm to customers. Compliance risk encompasses other standards of self-regulatory organizations applicable to the banking industry as well as nonconformance with applicable internal policies and procedures.

The Board's Risk Committee has primary oversight responsibility for compliance risk. In 2017, the Risk Committee also formed a Compliance Subcommittee to assist it in providing oversight of compliance risk. The Compliance Subcommittee reports to the Risk Committee and updates are provided by the Risk Committee and the Compliance Subcommittee to the full Board.

At the management level, Wells Fargo Compliance, which is part of Corporate Risk, monitors the implementation of the Company's compliance program. Wells Fargo Compliance reports to the CRO and also provides periodic reporting related to compliance risk to the Board's Risk Committee and Compliance Subcommittee. In addition, the Risk & Control Committee for each business group and enterprise function reports compliance risk matters to the Enterprise Risk & Control Committee. We continue to enhance our oversight of operational and compliance risk management, including as required by the FRB's February 2, 2018, and the BCFP/OCC's April 20, 2018, consent orders.

**Conduct Risk Management** Conduct risk, a sub-category of compliance risk, is the risk resulting from inappropriate, unethical, or unlawful behavior on the part of team members or individuals acting on behalf of the Company, caused by deliberate actions or business practices.

Our Board has enhanced its oversight of conduct risk to oversee the alignment of team member conduct to the Company's risk appetite (which the Board approves annually) and culture as reflected in our *Vision, Values & Goals* and Code of Ethics and Business Conduct. The Board's Risk Committee has primary oversight responsibility for company-wide conduct risk, while the responsibilities of the Board's Human Resources Committee include oversight of the Company's company-wide culture, Code of Ethics and Business Conduct, conflicts of interest program, human capital management and incentive compensation risk management program.

At the management level, the Conduct Management Office has primary oversight responsibility for key elements of conduct risk, including internal investigations, sales practices oversight, complaints oversight, and ethics oversight. The Conduct Management Office reports to the CRO and also provides periodic reporting related to conduct risk to the relevant Board committees. In addition, the Risk & Control Committee for each business group and enterprise function reports conduct risk matters to the Enterprise Risk & Control Committee.

## Credit Risk Management

We define credit risk as the risk of loss associated with a borrower or counterparty default (failure to meet obligations in accordance with agreed upon terms). Credit risk exists with many of our assets and exposures such as debt security holdings, certain derivatives, and loans.

The Board's Credit Committee has primary oversight responsibility for credit risk. At the management level, the Corporate Credit function, which is part of Corporate Risk, has primary oversight responsibility for credit risk. The Corporate Credit function reports to the CRO and also provides periodic reporting related to credit risk to the Board's Credit Committee. In addition, the Risk & Control Committee for each business group and enterprise function reports credit risk matters to the Enterprise Risk & Control Committee.

The following discussion focuses on our loan portfolios, which represent the largest component of assets on our balance sheet for which we have credit risk. Table 12 presents our total loans outstanding by portfolio segment and class of financing receivable.

**Table 12: Total Loans Outstanding by Portfolio Segment and Class of Financing Receivable**

| (in millions) | Sep 30, 2018 | Dec 31, 2017 |
|---|---|---|
| Commercial: | | |
| Commercial and industrial | **$ 338,048** | 333,125 |
| Real estate mortgage | **120,403** | 126,599 |
| Real estate construction | **23,690** | 24,279 |
| Lease financing | **19,745** | 19,385 |
| Total commercial | **501,886** | 503,388 |
| Consumer: | | |
| Real estate 1-4 family first mortgage | **284,273** | 284,054 |
| Real estate 1-4 family junior lien mortgage | **35,330** | 39,713 |
| Credit card | **37,812** | 37,976 |
| Automobile | **46,075** | 53,371 |
| Other revolving credit and installment | **36,924** | 38,268 |
| Total consumer | **440,414** | 453,382 |
| Total loans | **$ 942,300** | 956,770 |

We manage our credit risk by establishing what we believe are sound credit policies for underwriting new business, while monitoring and reviewing the performance of our existing loan portfolios. We employ various credit risk management and monitoring activities to mitigate risks associated with multiple risk factors affecting loans we hold, could acquire or originate including:

- Loan concentrations and related credit quality
- Counterparty credit risk
- Economic and market conditions
- Legislative or regulatory mandates
- Changes in interest rates
- Merger and acquisition activities
- Reputation risk

Our credit risk management oversight process is governed centrally, but provides for decentralized management and accountability by our lines of business. Our overall credit process includes comprehensive credit policies, disciplined credit underwriting, frequent and detailed risk measurement and modeling, extensive credit training programs, and a continual loan review and audit process.

A key to our credit risk management is adherence to a well-controlled underwriting process, which we believe is appropriate for the needs of our customers as well as investors who purchase the loans or securities collateralized by the loans.

**Credit Quality Overview** Solid credit quality continued in third quarter 2018, as our net charge-off rate remained low at 0.29% (annualized) of average total loans. We continued to benefit from improvements in the performance of our residential real estate portfolio as well as seasonally lower credit card losses, partially offset by seasonally higher automobile loan losses. For the fourth consecutive quarter all of our commercial and consumer real estate loan portfolios were in a net recovery position. In particular:

- Nonaccrual loans were $7.1 billion at September 30, 2018, down from $8.0 billion at December 31, 2017. Commercial nonaccrual loans declined to $2.3 billion at September 30, 2018, compared with $2.6 billion at December 31, 2017, and consumer nonaccrual loans declined to $4.8 billion at September 30, 2018, compared with $5.4 billion at December 31, 2017. The decline in nonaccrual loans reflected an improved housing market and credit improvement in commercial and industrial loans. Nonaccrual loans represented 0.75% of total loans at September 30, 2018, compared with 0.84% at December 31, 2017.
- Net charge-offs (annualized) as a percentage of average total loans decreased to 0.29% in both the third quarter and first nine months of 2018, compared with 0.30% in both the third quarter and first nine months of 2017. Net charge-offs (annualized) as a percentage of our average commercial and consumer portfolios were 0.12% and 0.47% in the third quarter and 0.08% and 0.52% in the first nine months of 2018, respectively, compared with 0.09% and 0.53% in the third quarter and 0.09% and 0.54% in the first nine months of 2017.
- Loans that are not government insured/guaranteed and 90 days or more past due and still accruing were $98 million and $835 million in our commercial and consumer portfolios, respectively, at September 30, 2018, compared with $49 million and $1.0 billion at December 31, 2017.
- Our provision for credit losses was $580 million and $1.2 billion in the third quarter and first nine months of 2018, respectively, compared with $717 million and $1.9 billion for the same periods a year ago.
- The allowance for credit losses totaled $11.0 billion, or 1.16% of total loans, at September 30, 2018, down from $12.0 billion, or 1.25%, at December 31, 2017.

Additional information on our loan portfolios and our credit quality trends follows.

**PURCHASED CREDIT-IMPAIRED (PCI) LOANS** Loans acquired with evidence of credit deterioration since their origination and where it is probable that we will not collect all contractually required principal and interest payments are PCI loans. Substantially all of our PCI loans were acquired in the Wachovia acquisition on December 31, 2008. PCI loans are recorded at fair value at the date of acquisition, and the historical allowance for credit losses related to these loans is not carried over. The carrying value of PCI loans at September 30, 2018, totaled $6.9 billion, compared with $12.8 billion at December 31, 2017, and $58.8 billion at December 31, 2008. The decrease from December 31, 2017, was due to the sales of $1.6 billion of Pick-a-Pay PCI loans in first quarter 2018, $1.3 billion in second quarter 2018, and $1.7 billion in third quarter 2018, as well as portfolio runoff. PCI loans are considered to be accruing due to the existence of the accretable yield amount, which represents the cash expected to be collected in excess of their carrying value, and not based on consideration given to contractual interest payments. The accretable yield at September 30, 2018, was $4.4 billion.

A nonaccretable difference is established for PCI loans to absorb losses expected on the contractual amounts of those loans in excess of the fair value recorded at the date of acquisition. Amounts absorbed by the nonaccretable difference do not affect the income statement or the allowance for credit losses. At September 30, 2018, $419 million in nonaccretable difference remained to absorb losses on PCI loans.

For additional information on PCI loans, see the “Risk Management – Credit Risk Management – Real Estate 1-4 Family First and Junior Lien Mortgage Loans – Pick-a-Pay Portfolio” section in this Report, Note 1 (Summary of Significant Accounting Policies) to Financial Statements in our 2017 Form 10-K, and Note 6 (Loans and Allowance for Credit Losses) to Financial Statements in this Report.

**Significant Loan Portfolio Reviews** Measuring and monitoring our credit risk is an ongoing process that tracks delinquencies, collateral values, Fair Isaac Corporation (FICO) scores, economic trends by geographic areas, loan-level risk grading for certain portfolios (typically commercial) and other indications of credit risk. Our credit risk monitoring process is designed to enable early identification of developing risk and to support our determination of an appropriate allowance for credit losses. The following discussion provides additional characteristics and analysis of our significant portfolios. See Note 6 (Loans and Allowance for Credit Losses) to Financial Statements in this Report for more analysis and credit metric information for each of the following portfolios.

**COMMERCIAL AND INDUSTRIAL LOANS AND LEASE FINANCING** For purposes of portfolio risk management, we aggregate commercial and industrial loans and lease financing according to market segmentation and standard industry codes. We generally subject commercial and industrial loans and lease financing to individual risk assessment using our internal borrower and collateral quality ratings. Our ratings are aligned to regulatory definitions of pass and criticized categories with criticized segmented among special mention, substandard, doubtful and loss categories.

The commercial and industrial loans and lease financing portfolio totaled $357.8 billion, or 38% of total loans, at September 30, 2018. The annualized net charge-off rate for this portfolio was 0.17% and 0.12% in the third quarter and first nine months of 2018, respectively, compared with 0.15% for both of the same periods a year ago. At September 30, 2018, 0.46% of this portfolio was nonaccruing, compared with 0.56% at December 31, 2017, reflecting a decrease of $324 million in nonaccrual loans, predominantly due to improvement in the oil and gas portfolio. Also, $16.8 billion of the commercial and industrial loan and lease financing portfolio was internally classified as criticized in accordance with regulatory guidance at September 30, 2018, compared with $17.9 billion at December 31, 2017. The decrease in criticized loans, which also includes the decrease in nonaccrual loans, was predominantly due to improvement in the oil and gas portfolio.

Most of our commercial and industrial loans and lease financing portfolio is secured by short-term assets, such as accounts receivable, inventory and debt securities, as well as long-lived assets, such as equipment and other business assets. Generally, the collateral securing this portfolio represents a secondary source of repayment.

Table 13 provides a breakout of commercial and industrial loans and lease financing by industry, and includes $62.9 billion of foreign loans at September 30, 2018. Foreign loans totaled $21.3 billion within the investor category, $18.3 billion within the financial institutions category and $1.4 billion within the oil and gas category.

The investors category includes loans to special purpose vehicles (SPVs) formed by sponsoring entities to invest in financial assets backed predominantly by commercial and residential real estate or corporate cash flow, and are repaid from the asset cash flows or the sale of assets by the SPV. We limit loan amounts to a percentage of the value of the underlying assets, as determined by us, based on analysis of underlying credit risk and other factors such as asset duration and ongoing performance.

We provide financial institutions with a variety of relationship focused products and services, including loans supporting short-term trade finance and working capital needs. The $18.3 billion of foreign loans in the financial institutions category were predominantly originated by our Financial Institutions business.

The oil and gas loan portfolio totaled $12.2 billion, or 1% of total outstanding loans, at September 30, 2018, compared with $12.5 billion, or 1% of total outstanding loans, at December 31, 2017. Oil and gas nonaccrual loans decreased to $525 million at September 30, 2018, compared with $1.1 billion at December 31, 2017, due to improved portfolio performance.

**Table 13: Commercial and Industrial Loans and Lease Financing by Industry (1)**

| | | | September 30, 2018 | |
|---|---|---|---|---|
| (in millions) | Nonaccrual loans | Total portfolio | (2) | % of total loans |
| Investors | $ 32 | 71,903 | | 8% |
| Financial institutions | 133 | 40,032 | | 4 |
| Cyclical retailers | 176 | 26,149 | | 3 |
| Healthcare | 45 | 16,607 | | 2 |
| Food and beverage | 11 | 16,467 | | 2 |
| Real estate lessor | 7 | 14,880 | | 2 |
| Technology | 8 | 14,635 | | 2 |
| Industrial equipment | 80 | 14,168 | | 2 |
| Oil and gas | 525 | 12,151 | | 1 |
| Transportation | 79 | 8,719 | | 1 |
| Business services | 27 | 8,219 | | 1 |
| Public administration | 5 | 7,969 | | 1 |
| Other | 523 | 105,894 | (3) | 9 |
| Total | $ 1,651 | 357,793 | | 38% |

(1) Industry categories are based on the North American Industry Classification System and the amounts reported include foreign loans. See Note 6 (Loans and Allowance for Credit Losses) to Financial Statements in this Report for a breakout of commercial foreign loans.
(2) Includes $45 million of PCI loans, which are considered to be accruing due to the existence of the accretable yield and not based on consideration given to contractual interest payments.
(3) No other single industry had total loans in excess of $6.0 billion.

**COMMERCIAL REAL ESTATE (CRE)** We generally subject CRE loans to individual risk assessment using our internal borrower and collateral quality ratings. Our ratings are aligned to regulatory definitions of pass and criticized categories with criticized segmented among special mention, substandard, doubtful and loss categories. The CRE portfolio, which included $7.6 billion of foreign CRE loans, totaled $144.1 billion, or 15% of total loans, at September 30, 2018, and consisted of $120.4 billion of mortgage loans and $23.7 billion of construction loans.

Table 14 summarizes CRE loans by state and property type with the related nonaccrual totals. The portfolio is diversified both geographically and by property type. The largest geographic concentrations of CRE loans are in California, New York, Florida and Texas, which combined represented 49% of the total CRE portfolio. By property type, the largest concentrations are office buildings at 28% and apartments at 17% of the portfolio. CRE nonaccrual loans totaled 0.4% of the CRE outstanding balance at September 30, 2018, compared with 0.4% at December 31, 2017. At September 30, 2018, we had $4.4 billion of criticized CRE mortgage loans, compared with $4.3 billion at December 31, 2017, and $271 million of criticized CRE construction loans, compared with $298 million at December 31, 2017.

**Table 14: CRE Loans by State and Property Type**

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | | | | | | | September 30, 2018 | |
| | Real estate mortgage | | Real estate construction | | Total | | | |
| (in millions) | Nonaccrual loans | Total portfolio | Nonaccrual loans | Total portfolio | Nonaccrual loans | Total portfolio | | % of total loans |
| By state: | | | | | | | | |
| California | $ 136 | 34,419 | 10 | 4,506 | 146 | 38,925 | | 4% |
| New York | 10 | 10,456 | — | 2,595 | 10 | 13,051 | | 1 |
| Florida | 29 | 7,745 | 3 | 2,202 | 32 | 9,947 | | 1 |
| Texas | 70 | 7,652 | — | 1,648 | 70 | 9,300 | | 1 |
| North Carolina | 33 | 3,793 | 6 | 865 | 39 | 4,658 | | * |
| Arizona | 29 | 4,213 | — | 410 | 29 | 4,623 | | * |
| Georgia | 15 | 3,502 | — | 799 | 15 | 4,301 | | * |
| Illinois | 5 | 3,406 | — | 554 | 5 | 3,960 | | * |
| Washington | 19 | 3,245 | 3 | 614 | 22 | 3,859 | | * |
| Virginia | 11 | 2,856 | — | 881 | 11 | 3,737 | | * |
| Other | 246 | 39,116 | 22 | 8,616 | 268 | 47,732 | (1) | 5 |
| Total | $ 603 | 120,403 | 44 | 23,690 | 647 | 144,093 | | 15% |
| By property: | | | | | | | | |
| Office buildings | $ 141 | 37,022 | 6 | 2,861 | 147 | 39,883 | | 4% |
| Apartments | 13 | 15,907 | — | 7,950 | 13 | 23,857 | | 3 |
| Industrial/warehouse | 119 | 15,036 | 1 | 1,674 | 120 | 16,710 | | 2 |
| Retail (excluding shopping center) | 93 | 14,919 | 3 | 551 | 96 | 15,470 | | 2 |
| Shopping center | 7 | 10,993 | — | 1,250 | 7 | 12,243 | | 1 |
| Hotel/motel | 20 | 8,800 | — | 1,971 | 20 | 10,771 | | 1 |
| Mixed use properties (2) | 85 | 6,020 | 6 | 228 | 91 | 6,248 | | 1 |
| Institutional | 43 | 3,010 | — | 1,887 | 43 | 4,897 | | 1 |
| 1-4 family structure | — | 10 | 10 | 2,572 | 10 | 2,582 | | * |
| Agriculture | 42 | 2,505 | — | 28 | 42 | 2,533 | | * |
| Other | 40 | 6,181 | 18 | 2,718 | 58 | 8,899 | | 1 |
| Total | $ 603 | 120,403 | 44 | 23,690 | 647 | 144,093 | | 15% |

* Less than 1%.
(1) Includes 40 states; no state had loans in excess of $3.5 billion.
(2) Mixed use properties are primarily owner occupied real estate, including data centers, flexible space leased to multiple tenants, light manufacturing and other specialized use properties.

**FOREIGN LOANS AND COUNTRY RISK EXPOSURE** We classify loans for financial statement and certain regulatory purposes as foreign primarily based on whether the borrower's primary address is outside of the United States. At September 30, 2018, foreign loans totaled $70.9 billion, representing approximately 8% of our total consolidated loans outstanding, compared with $70.4 billion, or approximately 7% of total consolidated loans outstanding, at December 31, 2017. Foreign loans were approximately 4% of our consolidated total assets at September 30, 2018 and at December 31, 2017.

Our country risk monitoring process incorporates frequent dialogue with our financial institution customers, counterparties and regulatory agencies, enhanced by centralized monitoring of macroeconomic and capital markets conditions in the respective countries. We establish exposure limits for each country through a centralized oversight process based on customer needs, and in consideration of relevant economic, political, social, legal, and transfer risks. We monitor exposures closely and adjust our country limits in response to changing conditions.

We evaluate our individual country risk exposure based on our assessment of the borrower's ability to repay, which gives consideration for allowable transfers of risk such as guarantees and collateral and may be different from the reporting based on the borrower's primary address. Our largest single foreign country exposure based on our assessment of risk at September 30, 2018, was the United Kingdom, which totaled $26.8 billion, or approximately 1% of our total assets, and included $3.3 billion of sovereign claims. Our United Kingdom sovereign claims arise predominantly from deposits we have placed with the Bank of England pursuant to regulatory requirements in support of our London branch. The United Kingdom officially announced its intention to leave the European Union (Brexit) on March 29, 2017, starting the two-year negotiation process leading to its departure. We continue to conduct assessments and are executing our implementation plans to ensure we can continue to prudently serve our customers post-Brexit.

Table 15 provides information regarding our top 20 exposures by country (excluding the U.S.) and our Eurozone exposure, based on our assessment of risk, which gives consideration to the country of any guarantors and/or underlying collateral. Our exposure to Puerto Rico (considered part of U.S. exposure) is not material to our consolidated country exposure. In first quarter 2018, we entered into an agreement to sell certain assets and liabilities of our automobile financing business in Puerto Rico, which closed in third quarter 2018.

**Table 15: Select Country Exposures**

| | | | | | | | September 30, 2018 | |
|---|---|---|---|---|---|---|---|---|
| | Lending (1) | | Securities (2) | | Derivatives and other (3) | | Total exposure | |
| (in millions) | Sovereign | Non-sovereign | Sovereign | Non-sovereign | Sovereign | Non-sovereign | Sovereign | Non-sovereign (4) | Total |
| **Top 20 country exposures:** | | | | | | | | | |
| United Kingdom | $ 3,313 | 21,853 | — | 1,395 | — | 213 | 3,313 | 23,461 | 26,774 |
| Canada | 32 | 16,557 | (60) | 474 | — | 162 | (28) | 17,193 | 17,165 |
| Cayman Islands | — | 6,984 | — | — | — | 132 | — | 7,116 | 7,116 |
| Germany | 2,415 | 1,665 | 24 | 20 | — | 333 | 2,439 | 2,018 | 4,457 |
| Ireland | — | 3,926 | — | 155 | — | 42 | — | 4,123 | 4,123 |
| China | — | 2,628 | (2) | 401 | 98 | 26 | 96 | 3,055 | 3,151 |
| Bermuda | — | 2,880 | — | 100 | — | 62 | — | 3,042 | 3,042 |
| Netherlands | — | 2,412 | 66 | 270 | 1 | 27 | 67 | 2,709 | 2,776 |
| India | — | 2,084 | — | 154 | — | — | — | 2,238 | 2,238 |
| Guernsey | — | 2,211 | — | 2 | — | 2 | — | 2,215 | 2,215 |
| Luxembourg | — | 1,313 | — | 670 | — | 127 | — | 2,110 | 2,110 |
| Brazil | — | 2,049 | 1 | (4) | — | 9 | 1 | 2,054 | 2,055 |
| Japan | 270 | 1,347 | 4 | 157 | — | 40 | 274 | 1,544 | 1,818 |
| Australia | — | 1,294 | — | 78 | — | 10 | — | 1,382 | 1,382 |
| Chile | 1 | 1,325 | — | 4 | — | 8 | 1 | 1,337 | 1,338 |
| South Korea | — | 1,151 | 4 | 130 | 3 | 7 | 7 | 1,288 | 1,295 |
| Switzerland | — | 1,214 | — | (5) | — | 31 | — | 1,240 | 1,240 |
| United Arab Emirates | — | 1,083 | — | 28 | — | 2 | — | 1,113 | 1,113 |
| Hong Kong | 1 | 1,043 | — | 2 | 2 | 1 | 3 | 1,046 | 1,049 |
| Mexico | — | 1,024 | — | 13 | — | 1 | — | 1,038 | 1,038 |
| Total top 20 country exposures | $ 6,032 | 76,043 | 37 | 4,044 | 104 | 1,235 | 6,173 | 81,322 | 87,495 |
| **Eurozone exposure:** | | | | | | | | | |
| Eurozone countries included in Top 20 above (5) | $ 2,415 | 9,316 | 90 | 1,115 | 1 | 529 | 2,506 | 10,960 | 13,466 |
| France | — | 836 | — | 102 | — | 30 | — | 968 | 968 |
| Austria | — | 664 | — | 3 | — | — | — | 667 | 667 |
| Spain | — | 400 | — | 31 | — | 108 | — | 539 | 539 |
| Other Eurozone exposure (6) | 23 | 491 | 1 | 2 | — | 1 | 24 | 494 | 518 |
| Total Eurozone exposure | $ 2,438 | 11,707 | 91 | 1,253 | 1 | 668 | 2,530 | 13,628 | 16,158 |

(1) Lending exposure includes funded loans and unfunded commitments, leveraged leases, and money market placements presented on a gross basis prior to the deduction of impairment allowance and collateral received under the terms of the credit agreements. For the countries listed above, there are $596 million in defeased leases secured significantly by U.S. Treasury and government agency securities.
(2) Represents exposure on debt and equity securities of foreign issuers. Long and short positions are netted and net short positions are reflected as negative exposure.
(3) Represents counterparty exposure on foreign exchange and derivative contracts, and securities resale and lending agreements. This exposure is presented net of counterparty netting adjustments and reduced by the amount of cash collateral. It includes credit default swaps (CDS) predominantly used for market making activities in the U.S. and London based trading businesses, which sometimes results in selling and purchasing protection on the identical reference entities. Generally, we do not use market instruments such as CDS to hedge the credit risk of our investment or loan positions, although we do use them to manage risk in our trading businesses At September 30, 2018, the gross notional amount of our CDS sold that reference assets in the Top 20 or Eurozone countries was $429 million, which was offset by the notional amount of CDS purchased of $479 million. We did not have any CDS purchased or sold that reference pools of assets that contain sovereign debt or where the reference asset was solely the sovereign debt of a foreign country.
(4) For countries presented in the table, total non-sovereign exposure comprises $40.4 billion exposure to financial institutions and $43.6 billion to non-financial corporations at September 30, 2018.
(5) Consists of exposure to Germany, Ireland, Netherlands, and Luxembourg included in Top 20.
(6) Includes non-sovereign exposure to Italy, Portugal, and Greece in the amount of $120 million, $23 million and $9 million, respectively. We had no sovereign debt exposure to Greece and Portugal, and the sovereign exposure to Italy was $1 million at September 30, 2018.

**REAL ESTATE 1-4 FAMILY FIRST AND JUNIOR LIEN MORTGAGE LOANS** Our real estate 1-4 family first and junior lien mortgage loans, as presented in Table 16, include loans we have made to customers and retained as part of our asset/liability management strategy, the Pick-a-Pay portfolio acquired from Wachovia which is discussed later in this Report and other purchased loans, and loans included on our balance sheet as a result of consolidation of variable interest entities (VIEs).

**Table 16: Real Estate 1-4 Family First and Junior Lien Mortgage Loans**

| | September 30, 2018 | | December 31, 2017 | |
|---|---|---|---|---|
| (in millions) | **Balance** | **% of portfolio** | Balance | % of portfolio |
| Real estate 1-4 family first mortgage | **$ 284,273** | **89%** | $ 284,054 | 88% |
| Real estate 1-4 family junior lien mortgage | **35,330** | **11** | 39,713 | 12 |
| Total real estate 1-4 family mortgage loans | **$ 319,603** | **100%** | $ 323,767 | 100% |

The real estate 1-4 family mortgage loan portfolio includes some loans with adjustable-rate features and some with an interest-only feature as part of the loan terms. Interest-only loans were approximately 4% of total loans at both September 30, 2018, and December 31, 2017. We believe we have manageable adjustable-rate mortgage (ARM) reset risk across our owned mortgage loan portfolios. We do not offer option ARM products, nor do we offer variable-rate mortgage products with fixed payment amounts, commonly referred to within the financial services industry as negative amortizing mortgage loans. The option ARMs we do have are included in the Pick-a-Pay portfolio which was acquired from Wachovia. Since our acquisition of the Pick-a-Pay loan portfolio at the end of 2008, the option payment portion of the portfolio has reduced from 86% to 45% at September 30, 2018, as a result of our modification and loss mitigation efforts. For more information, see the "Pick-a-Pay Portfolio" section in this Report.

We continue to modify real estate 1-4 family mortgage loans to assist homeowners and other borrowers experiencing financial difficulties. For more information on our modification programs, see the "Risk Management – Credit Risk Management – Real Estate 1-4 Family First and Junior Lien Mortgage Loans" section in our 2017 Form 10-K.

Part of our credit monitoring includes tracking delinquency, current FICO scores and loan/combined loan to collateral values (LTV/CLTV) on the entire real estate 1-4 family mortgage loan portfolio. These credit risk indicators, which exclude government insured/guaranteed loans, continued to improve in third quarter 2018 on the non-PCI mortgage portfolio. Loans 30 days or more delinquent at September 30, 2018, totaled $4.2 billion, or 1% of total non-PCI mortgages, compared with $5.3 billion, or 2%, at December 31, 2017. Loans with FICO scores lower than 640 totaled $9.9 billion, or 3% of total non-PCI mortgages at September 30, 2018, compared with $11.7 billion, or 4%, at December 31, 2017. Mortgages with a LTV/CLTV greater than 100% totaled $4.3 billion at September 30, 2018, or 1% of total non-PCI mortgages, compared with $6.1 billion, or 2%, at December 31, 2017. Information regarding credit quality indicators, including PCI credit quality indicators, can be found in Note 6 (Loans and Allowance for Credit Losses) to Financial Statements in this Report.

Real estate 1-4 family first and junior lien mortgage loans by state are presented in Table 17. Our real estate 1-4 family non-PCI mortgage loans to borrowers in California represented 12% of total loans at September 30, 2018, located predominantly within the larger metropolitan areas, with no single California metropolitan area consisting of more than 5% of total loans. We monitor changes in real estate values and underlying economic or market conditions for all geographic areas of our real estate 1-4 family first and junior lien mortgage portfolios as part of our credit risk management process. Our underwriting and periodic review of loans and lines secured by residential real estate collateral includes appraisals or estimates from automated valuation models (AVMs) to support property values. Additional information about AVMs and our policy for their use can be found in Note 6 (Loans and Allowance for Credit Losses) to Financial Statements in this Report and the "Risk Management – Credit Risk Management – Real Estate 1-4 Family First and Junior Lien Mortgage Loans" section in our 2017 Form 10-K.

**Table 17: Real Estate 1-4 Family First and Junior Lien Mortgage Loans by State**

| | September 30, 2018 | | | |
|---|---|---|---|---|
| (in millions) | Real estate 1-4 family first mortgage | Real estate 1-4 family junior lien mortgage | Total real estate 1-4 family mortgage | % of total loans |
| **Real estate 1-4 family loans (excluding PCI):** | | | | |
| California | $ 107,382 | 9,498 | 116,880 | 12% |
| New York | 28,528 | 1,758 | 30,286 | 3 |
| New Jersey | 13,694 | 3,243 | 16,937 | 2 |
| Florida | 12,505 | 3,235 | 15,740 | 2 |
| Virginia | 8,200 | 2,093 | 10,293 | 1 |
| Washington | 9,475 | 778 | 10,253 | 1 |
| Texas | 8,585 | 665 | 9,250 | 1 |
| North Carolina | 5,922 | 1,655 | 7,577 | 1 |
| Pennsylvania | 5,459 | 1,986 | 7,445 | 1 |
| Other (1) | 64,759 | 10,401 | 75,160 | 8 |
| Government insured/ guaranteed loans (2) | 12,886 | — | 12,886 | 1 |
| Real estate 1-4 family loans (excluding PCI) | 277,395 | 35,312 | 312,707 | 33 |
| **Real estate 1-4 family PCI loans** | 6,878 | 18 | 6,896 | 1 |
| Total | $ 284,273 | 35,330 | 319,603 | 34% |

(1) Consists of 41 states; no state had loans in excess of $6.7 billion.
(2) Represents loans whose repayments are predominantly insured by the Federal Housing Administration (FHA) or guaranteed by the Department of Veterans Affairs (VA).

**First Lien Mortgage Portfolio** Our total real estate 1-4 family first lien mortgage portfolio increased $1.3 billion in third quarter 2018 as growth in nonconforming mortgage loans was partially offset by payoffs, and Pick-a-Pay PCI loan sales of $1.7 billion. In addition, $249 million of nonconforming mortgage loan originations that would have otherwise been included in this portfolio, were designated as held for sale in third quarter 2018 in anticipation of the future issuance of residential mortgage-backed securities. In the first nine months of 2018, the real estate 1-4 family first lien mortgage portfolio increased $219 million as a result of nonconforming mortgage loan growth, partially offset by payoffs and Pick-a-Pay PCI loan sales. We retained $11.7 billion and $32.2 billion in nonconforming originations, consisting of loans that exceed conventional conforming loan amount limits established by federal government-sponsored entities (GSEs) in the third quarter and first nine months of 2018, respectively.

The credit performance associated with our real estate 1-4 family first lien mortgage portfolio continued to improve in third quarter 2018, as measured through net charge-offs and nonaccrual loans. Net charge-offs (annualized) as a percentage of average real estate 1-4 family first lien mortgage loans improved to a net recovery of 0.04% and 0.03% in the third quarter and first nine months of 2018, respectively, compared with a net recovery of 0.02% and 0.01% for the same periods a year ago. Nonaccrual loans were $3.6 billion at September 30, 2018, down $517 million from December 31, 2017. The decrease in nonaccrual loans from December 31, 2017 was driven by nonaccrual loan sales and an improving housing environment. Real estate 1-4 family first lien mortgage loans originated after 2008, which generally utilized tighter underwriting standards, comprised approximately 83% of our total real estate 1-4 family first lien mortgage portfolio as of September 30, 2018.

Table 18 shows certain delinquency and loss information for the first lien mortgage portfolio and lists the top five states by outstanding balance.

**Table 18: First Lien Mortgage Portfolio Performance**

| | Outstanding balance | | % of loans 30 days or more past due | | Loss (recovery) rate (annualized) quarter ended | | | | |
|---|---|---|---|---|---|---|---|---|---|
| (in millions) | **Sep 30, 2018** | Dec 31, 2017 | **Sep 30, 2018** | Dec 31, 2017 | **Sep 30, 2018** | Jun 30, 2018 | Mar 31, 2018 | Dec 31, 2017 | Sep 30, 2017 |
| California | **$ 107,382** | 101,464 | **0.72%** | 1.06 | **(0.05)** | (0.07) | (0.07) | (0.05) | (0.09) |
| New York | **28,528** | 26,624 | **1.30** | 1.65 | **0.04** | 0.09 | (0.01) | — | 0.05 |
| New Jersey | **13,694** | 13,212 | **2.17** | 2.74 | **(0.02)** | 0.02 | 0.08 | 0.09 | 0.15 |
| Florida | **12,505** | 13,083 | **2.74** | 3.95 | **(0.22)** | (0.15) | (0.14) | (0.16) | (0.22) |
| Washington | **9,475** | 8,845 | **0.59** | 0.85 | **(0.06)** | (0.06) | (0.06) | (0.05) | (0.09) |
| Other | **92,925** | 92,961 | **1.82** | 2.25 | **(0.03)** | (0.03) | 0.01 | (0.02) | 0.03 |
| Total | **264,509** | 256,189 | **1.33** | 1.78 | **(0.04)** | (0.04) | (0.03) | (0.04) | (0.03) |
| Government insured/guaranteed loans | **12,886** | 15,143 | | | | | | | |
| PCI | **6,878** | 12,722 | | | | | | | |
| Total first lien mortgages | **$ 284,273** | 284,054 | | | | | | | |

**Pick-a-Pay Portfolio** The Pick-a-Pay portfolio was one of the consumer residential first lien mortgage portfolios we acquired from Wachovia and a majority of the portfolio was identified as PCI loans.

The Pick-a-Pay portfolio includes loans that offer payment options (Pick-a-Pay option payment loans), and also includes loans that were originated without the option payment feature, loans that no longer offer the option feature as a result of our modification efforts since the acquisition, and loans where the customer voluntarily converted to a fixed-rate product. The Pick-a-Pay portfolio is included in the consumer real estate 1-4 family first mortgage class of loans throughout this Report. Table 19 provides balances by types of loans as of September 30, 2018. As a result of our loan modification and loss mitigation efforts, Pick-a-Pay option payment loans have been reduced to $9.3 billion at September 30, 2018, from $99.9 billion at acquisition. Total adjusted unpaid principal balance of Pick-a-Pay PCI loans was $9.1 billion at September 30, 2018, compared with $61.0 billion at acquisition. Due to loan modification and loss mitigation efforts, the adjusted unpaid principal balance of option payment PCI loans has declined to 17% of the total Pick-a-Pay portfolio at September 30, 2018, compared with 51% at acquisition. As favorable sale opportunities arise, we may sell portions of this portfolio. We expect to close on the sale of approximately $2.5 billion of unpaid principal balance of Pick-a-Pay PCI loans in fourth quarter 2018.

**Table 19: Pick-a-Pay Portfolio – Comparison to Acquisition Date**

| | | | December 31, | | | |
|---|---|---|---|---|---|---|
| | **September 30, 2018** | | 2017 | | 2008 | |
| (in millions) | **Adjusted unpaid principal balance (1)** | **% of total** | Adjusted unpaid principal balance (1) | % of total | Adjusted unpaid principal balance (1) | % of total |
| Option payment loans | **$ 9,312** | **45%** | $ 10,891 | 36% | $ 99,937 | 86% |
| Non-option payment adjustable-rate and fixed-rate loans | **3,094** | **15** | 3,771 | 13 | 15,763 | 14 |
| Full-term loan modifications | **8,328** | **40** | 15,366 | 51 | — | — |
| Total adjusted unpaid principal balance | **$ 20,734** | **100%** | $ 30,028 | 100% | $ 115,700 | 100% |
| Total carrying value | **$ 18,498** | | 26,038 | | 95,315 | |

(1) Adjusted unpaid principal balance includes write-downs taken on loans where severe delinquency (normally 180 days) or other indications of severe borrower financial stress exist that indicate there will be a loss of contractually due amounts upon final resolution of the loan.

Pick-a-Pay option payment loans may have fixed or adjustable rates with payment options that include a minimum payment, an interest-only payment or fully amortizing payment (both 15 and 30 year options).

Since December 31, 2008, we have completed over 138,000 proprietary and Home Affordability Modification Program (HAMP) Pick-a-Pay loan modifications, which have resulted in over $6.1 billion of principal forgiveness. We have also provided interest rate reductions and loan term extensions to enable sustainable homeownership for our Pick-a-Pay customers. As a result of these loss mitigation programs, approximately 57% of our Pick-a-Pay PCI adjusted unpaid principal balance as of September 30, 2018 has been modified.

The predominant portion of our PCI loans is included in the Pick-a-Pay portfolio. Our cash flows expected to be collected have been favorably affected over time by lower expected defaults and losses as a result of observed and forecasted economic strengthening, particularly in housing prices, and our loan modification efforts. Since acquisition, we have reclassified $9.3 billion from the nonaccretable difference to the accretable yield. Fluctuations in the accretable yield are driven by changes in interest rate indices for variable rate PCI loans, prepayment assumptions, and expected principal and interest payments over the estimated life of the portfolio, which will be affected by the pace and degree of improvements in the U.S. economy and housing markets and projected lifetime performance resulting from loan modification activity. Changes in the projected timing of cash flow events, including loan liquidations, prepayments, modifications and short sales, can also affect the accretable yield and the estimated weighted-average life of the portfolio.

During third quarter 2018, we sold $1.7 billion of Pick-a-Pay PCI loans that resulted in a gain of $638 million. The accretable yield balance related to our Pick-a-Pay PCI loan portfolio declined $1.3 billion during third quarter 2018, driven by realized accretion of $257 million, $638 million from the gain on the loan sales, a $516 million reduction in expected interest cash flows resulting from the loan sales, partially offset by a $107 million increase in expected interest cash flows due to slower estimated prepayments. The slower estimated prepayments resulted in increasing the estimated weighted-average life of the portfolio to approximately 5.5 years at September 30, 2018 up from 5.2 years at June 30, 2018. Due to a decrease in the amount of accretable yield relative to the longer weighted-average life, we expect the accretable yield percentage to decline from 12.02% in third quarter 2018 to approximately 11.47% for fourth quarter 2018.

For further information on the judgment involved in estimating expected cash flows for PCI loans, see Note 1 (Summary of Significant Accounting Policies) to Financial Statements in our 2017 Form 10-K.

**Junior Lien Mortgage Portfolio** The junior lien mortgage portfolio consists of residential mortgage lines and loans that are subordinate in rights to an existing lien on the same property. It is not unusual for these lines and loans to have draw periods, interest only payments, balloon payments, adjustable rates and similar features. Junior lien loan products are mostly amortizing payment loans with fixed interest rates and repayment periods between five to 30 years.

We continuously monitor the credit performance of our junior lien mortgage portfolio for trends and factors that influence the frequency and severity of loss. We have observed that the severity of loss for junior lien mortgages is high and generally not affected by whether we or a third party own or service the related first lien mortgage, but the frequency of delinquency is typically lower when we own or service the first lien mortgage. In general, we have limited information available on the delinquency status of the third party owned or serviced first lien where we also hold a junior lien. To capture this inherent loss content, our allowance process for junior lien mortgages considers the relative difference in loss experience for junior lien mortgages behind first lien mortgage loans we own or service, compared with those behind first lien mortgage loans owned or serviced by third parties. In addition, our allowance process for junior lien mortgages that are current, but are in their revolving period, considers the inherent loss where the borrower is delinquent on the corresponding first lien mortgage loans.

Table 20 shows certain delinquency and loss information for the junior lien mortgage portfolio and lists the top five states by outstanding balance. The decrease in outstanding balances since December 31, 2017, predominantly reflects loan paydowns. As of September 30, 2018, 7% of the outstanding balance of the junior lien mortgage portfolio was associated with loans that had a combined loan to value (CLTV) ratio in excess of 100%. Of those junior lien mortgages with a CLTV ratio in excess of 100%, 2.81% were 30 days or more past due. CLTV means the ratio of the total loan balance of first lien mortgages and junior lien mortgages (including unused line amounts for credit line products) to property collateral value. The unsecured portion (the outstanding amount that was in excess of the most recent property collateral value) of the outstanding balances of these loans totaled 2% of the junior lien mortgage portfolio at September 30, 2018. For additional information on consumer loans by LTV/CLTV, see Table 6.12 in Note 6 (Loans and Allowance for Credit Losses) to Financial Statements in this Report.

**Table 20: Junior Lien Mortgage Portfolio Performance**

| | Outstanding balance | | % of loans 30 days or more past due | | Loss (recovery) rate (annualized) quarter ended | | | | |
|---|---|---|---|---|---|---|---|---|---|
| (in millions) | **Sep 30, 2018** | Dec 31, 2017 | **Sep 30, 2018** | Dec 31, 2017 | **Sep 30, 2018** | Jun 30, 2018 | Mar 31, 2018 | Dec 31, 2017 | Sep 30, 2017 |
| California | **$ 9,498** | 10,599 | **1.79%** | 2.09 | **(0.51)** | (0.56) | (0.42) | (0.35) | (0.46) |
| New Jersey | **3,243** | 3,606 | **2.63** | 2.86 | **0.24** | 0.28 | 0.44 | 0.47 | 0.58 |
| Florida | **3,235** | 3,688 | **2.72** | 3.05 | **0.12** | (0.05) | (0.12) | 0.13 | 0.06 |
| Virginia | **2,093** | 2,358 | **2.00** | 2.34 | **0.16** | 0.30 | 0.25 | 0.15 | 0.33 |
| Pennsylvania | **1,986** | 2,210 | **2.35** | 2.37 | **0.18** | 0.13 | 0.06 | 0.11 | 0.47 |
| Other | **15,257** | 17,225 | **2.16** | 2.33 | **(0.05)** | (0.06) | (0.05) | (0.09) | 0.06 |
| Total | **35,312** | 39,686 | **2.15** | 2.38 | **(0.10)** | (0.13) | (0.09) | (0.06) | — |
| PCI | **18** | 27 | | | | | | | |
| Total junior lien mortgages | **$ 35,330** | 39,713 | | | | | | | |

Our junior lien, as well as first lien, lines of credit portfolios generally have draw periods of 10, 15 or 20 years with variable interest rate and payment options during the draw period of (1) interest only or (2) 1.5% of outstanding principal balance plus accrued interest. During the draw period, the borrower has the option of converting all or a portion of the line from a variable interest rate to a fixed rate with terms including interest-only payments for a fixed period between three to seven years or a fully amortizing payment with a fixed period between five to 30 years. At the end of the draw period, a line of credit generally converts to an amortizing payment schedule with repayment terms of up to 30 years based on the balance at time of conversion. Certain lines and loans have been structured with a balloon payment, which requires full repayment of the outstanding balance at the end of the term period. The conversion of lines or loans to fully amortizing or balloon payoff may result in a significant payment increase, which can affect some borrowers' ability to repay the outstanding balance.

On a monthly basis, we monitor the payment characteristics of borrowers in our first and junior lien lines of credit portfolios. In September 2018, approximately 45% of these borrowers paid only the minimum amount due and approximately 50% paid more than the minimum amount due. The rest were either delinquent or paid less than the minimum amount due. For the borrowers with an interest only payment feature, approximately 31% paid only the minimum amount due and approximately 63% paid more than the minimum amount due.

The lines that enter their amortization period may experience higher delinquencies and higher loss rates than the ones in their draw or term period. We have considered this increased inherent risk in our allowance for credit loss estimate.

In anticipation of our borrowers reaching the end of their contractual commitment, we have created a program to inform, educate and help these borrowers transition from interest-only to fully-amortizing payments or full repayment. We monitor the performance of the borrowers moving through the program in an effort to refine our ongoing program strategy.

Table 21 reflects the outstanding balance of our portfolio of junior lien mortgages, including lines and loans, and first lien lines segregated into scheduled end of draw or end of term periods and products that are currently amortizing, or in balloon repayment status. It excludes real estate 1-4 family first lien line reverse mortgages, which total $113 million, because they are predominantly insured by the FHA, and it excludes PCI loans, which total $35 million, because their losses were generally reflected in our nonaccretable difference established at the date of acquisition.

**Table 21: Junior Lien Mortgage Line and Loan and First Lien Mortgage Line Portfolios Payment Schedule**

| | | | Scheduled end of draw / term | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| (in millions) | | **Outstanding balance September 30, 2018** | Remainder of 2018 | 2019 | 2020 | 2021 | 2022 | 2023 and thereafter (1) | Amortizing |
| Junior lien lines and loans | **$** | **35,312** | 138 | 514 | 539 | 1,157 | 4,104 | 17,039 | 11,821 |
| First lien lines | | **12,084** | 69 | 185 | 212 | 523 | 1,946 | 7,110 | 2,039 |
| Total (2)(3) | **$** | **47,396** | 207 | 699 | 751 | 1,680 | 6,050 | 24,149 | 13,860 |
| % of portfolios | | **100%** | — | 1 | 2 | 4 | 13 | 51 | 29 |

(1) Substantially all lines and loans are scheduled to convert to amortizing loans by the end of 2026, with annual scheduled amounts through that date ranging from $3.5 billion to $6.0 billion and averaging $4.8 billion per year.
(2) Junior and first lien lines are primarily interest-only during their draw period. The unfunded credit commitments for junior and first lien lines totaled $60.6 billion at September 30, 2018.
(3) Includes scheduled end-of-term balloon payments for lines and loans totaling $32 million, $202 million, $237 million, $386 million, $185 million and $62 million for 2018, 2019, 2020, 2021, 2022, and 2023 and thereafter, respectively. Amortizing lines and loans include $62 million of end-of-term balloon payments, which are past due. At September 30, 2018, $506 million, or 4% of outstanding lines of credit that are amortizing, are 30 days or more past due compared to $573 million or 2% for lines in their draw period.

**CREDIT CARDS** Our credit card portfolio totaled $37.8 billion at September 30, 2018, which represented 4% of our total outstanding loans. The net charge-off rate (annualized) for our credit card portfolio was 3.22% for third quarter 2018, compared with 3.08% for third quarter 2017 and 3.50% and 3.43% for the first nine months of 2018 and 2017, respectively.

**AUTOMOBILE** Our automobile portfolio, predominantly composed of indirect loans, totaled $46.1 billion at September 30, 2018. The net charge-off rate (annualized) for our automobile portfolio was 1.10% for third quarter 2018, compared with 1.41% for third quarter 2017 and 1.23% and 1.12% for the first nine months of 2018 and 2017, respectively. The increase in net charge-offs in the first nine months of 2018, compared with 2017, was driven by higher severity.

**OTHER REVOLVING CREDIT AND INSTALLMENT** Other revolving credit and installment loans totaled $36.9 billion at September 30, 2018, and primarily included student and securities-based loans. Our private student loan portfolio totaled $11.5 billion at September 30, 2018. The net charge-off rate (annualized) for other revolving credit and installment loans was 1.44% for both third quarter 2018 and 2017 and 1.49% and 1.54% for the first nine months of 2018 and 2017, respectively.

**NONPERFORMING ASSETS (NONACCRUAL LOANS AND FORECLOSED ASSETS)** Table 22 summarizes nonperforming assets (NPAs) for each of the last four quarters. Total NPAs decreased $410 million from second quarter 2018 to $7.6 billion. Nonaccrual loans decreased $433 million from second quarter 2018 to $7.1 billion, reflecting both lower consumer and commercial nonaccruals. Foreclosed assets of $522 million were up $23 million from second quarter 2018.

We generally place loans on nonaccrual status when:

- the full and timely collection of interest or principal becomes uncertain (generally based on an assessment of the borrower's financial condition and the adequacy of collateral, if any);
- they are 90 days (120 days with respect to real estate 1-4 family first and junior lien mortgages) past due for interest or principal, unless both well-secured and in the process of collection;
- part of the principal balance has been charged off;
- for junior lien mortgages, we have evidence that the related first lien mortgage may be 120 days past due or in the process of foreclosure regardless of the junior lien delinquency status; or
- consumer real estate and automobile loans receive notification of bankruptcy, regardless of their delinquency status.

Credit card loans are not placed on nonaccrual status, but are generally fully charged off when the loan reaches 180 days past due.

**Table 22: Nonperforming Assets (Nonaccrual Loans and Foreclosed Assets)**

| | **September 30, 2018** | | June 30, 2018 | | March 31, 2018 | | December 31, 2017 | |
|---|---|---|---|---|---|---|---|---|
| ($ in millions) | **Balance** | **% of total loans** | Balance | % of total loans | Balance | % of total loans | Balance | % of total loans |
| Nonaccrual loans: | | | | | | | | |
| Commercial: | | | | | | | | |
| Commercial and industrial | **$ 1,555** | **0.46%** | $ 1,559 | 0.46% | $ 1,516 | 0.45% | $ 1,899 | 0.57% |
| Real estate mortgage | **603** | **0.50** | 765 | 0.62 | 755 | 0.60 | 628 | 0.50 |
| Real estate construction | **44** | **0.19** | 51 | 0.22 | 45 | 0.19 | 37 | 0.15 |
| Lease financing | **96** | **0.49** | 80 | 0.41 | 93 | 0.48 | 76 | 0.39 |
| Total commercial | **2,298** | **0.46** | 2,455 | 0.49 | 2,409 | 0.48 | 2,640 | 0.52 |
| Consumer: | | | | | | | | |
| Real estate 1-4 family first mortgage (1) | **3,605** | **1.27** | 3,829 | 1.35 | 4,053 | 1.43 | 4,122 | 1.45 |
| Real estate 1-4 family junior lien mortgage | **984** | **2.79** | 1,029 | 2.82 | 1,087 | 2.87 | 1,086 | 2.73 |
| Automobile | **118** | **0.26** | 119 | 0.25 | 117 | 0.24 | 130 | 0.24 |
| Other revolving credit and installment | **48** | **0.13** | 54 | 0.14 | 53 | 0.14 | 58 | 0.15 |
| Total consumer | **4,755** | **1.08** | 5,031 | 1.14 | 5,310 | 1.20 | 5,396 | 1.19 |
| Total nonaccrual loans (2)(3)(4) | **7,053** | **0.75** | 7,486 | 0.79 | 7,719 | 0.81 | 8,036 | 0.84 |
| Foreclosed assets: | | | | | | | | |
| Government insured/guaranteed (5) | **87** | | 90 | | 103 | | 120 | |
| Non-government insured/guaranteed | **435** | | 409 | | 468 | | 522 | |
| Total foreclosed assets | **522** | | 499 | | 571 | | 642 | |
| Total nonperforming assets | **$ 7,575** | **0.80%** | $ 7,985 | 0.85% | $ 8,290 | 0.88% | $ 8,678 | 0.91% |
| Change in NPAs from prior quarter | **$ (410)** | | (305) | | (388) | | (647) | |

(1) Includes mortgage loans held for sale (MLHFS) of $132 million, $133 million, $137 million, and $136 million at September 30, June 30 and March 31, 2018, and December 31, 2017, respectively.
(2) Excludes PCI loans because they continue to earn interest income from accretable yield, independent of performance in accordance with their contractual terms.
(3) Real estate 1-4 family mortgage loans predominantly insured by the FHA or guaranteed by the VA are not placed on nonaccrual status because they are insured or guaranteed.
(4) See Note 6 (Loans and Allowance for Credit Losses) to Financial Statements in this Report for further information on impaired loans.
(5) Consistent with regulatory reporting requirements, foreclosed real estate resulting from government insured/guaranteed loans are classified as nonperforming. However, both principal and interest related to these foreclosed real estate assets are collectible because the loans were predominantly insured by the FHA or guaranteed by the VA. Foreclosure of certain government guaranteed residential real estate mortgage loans that meet criteria specified by Accounting Standards Update (ASU) 2014-14, *Classification of Certain Government-Guaranteed Mortgage Loans Upon Foreclosure*, effective as of January 1, 2014, are excluded from this table and included in Accounts Receivable in Other Assets. For more information on the changes in foreclosures for government guaranteed residential real estate mortgage loans, see Note 1 (Summary of Significant Accounting Policies) to Financial Statements in our 2017 Form 10-K.

Table 23 provides an analysis of the changes in nonaccrual loans.

**Table 23: Analysis of Changes in Nonaccrual Loans**

| | | | | | Quarter ended | |
|---|---|---|---|---|---|---|
| (in millions) | | **Sep 30, 2018** | Jun 30, 2018 | Mar 31, 2018 | Dec 31, 2017 | Sep 30, 2017 |
| **Commercial nonaccrual loans** | | | | | | |
| Balance, beginning of period | **$** | **2,455** | 2,409 | 2,640 | 3,109 | 3,385 |
| Inflows | | **774** | 726 | 605 | 617 | 627 |
| Outflows: | | | | | | |
| Returned to accruing | | **(122)** | (43) | (113) | (126) | (97) |
| Foreclosures | | **—** | — | — | (1) | (3) |
| Charge-offs | | **(191)** | (133) | (119) | (139) | (173) |
| Payments, sales and other | | **(618)** | (504) | (604) | (820) | (630) |
| Total outflows | | **(931)** | (680) | (836) | (1,086) | (903) |
| Balance, end of period | | **2,298** | 2,455 | 2,409 | 2,640 | 3,109 |
| **Consumer nonaccrual loans** | | | | | | |
| Balance, beginning of period | | **5,031** | 5,310 | 5,396 | 5,510 | 5,671 |
| Inflows (1) | | **599** | 602 | 738 | 845 | 887 |
| Outflows: | | | | | | |
| Returned to accruing | | **(325)** | (345) | (376) | (345) | (397) |
| Foreclosures | | **(62)** | (53) | (62) | (72) | (56) |
| Charge-offs | | **(65)** | (86) | (88) | (94) | (109) |
| Payments, sales and other | | **(423)** | (397) | (298) | (448) | (486) |
| Total outflows | | **(875)** | (881) | (824) | (959) | (1,048) |
| Balance, end of period | | **4,755** | 5,031 | 5,310 | 5,396 | 5,510 |
| Total nonaccrual loans | **$** | **7,053** | 7,486 | 7,719 | 8,036 | 8,619 |

(1) Quarter ended September 30, 2017, includes an incremental $171 million of nonaccrual loans, reflecting updated industry regulatory guidance related to loans in bankruptcy.

Typically, changes to nonaccrual loans period-over-period represent inflows for loans that are placed on nonaccrual status in accordance with our policy, offset by reductions for loans that are paid down, charged off, sold, foreclosed, or are no longer classified as nonaccrual as a result of continued performance and an improvement in the borrower's financial condition and loan repayment capabilities. Also, reductions can come from borrower repayments even if the loan remains on nonaccrual.

While nonaccrual loans are not free of loss content, we believe exposure to loss is significantly mitigated by the following factors at September 30, 2018:

- over 99% of total commercial nonaccrual loans and 99% of total consumer nonaccrual loans are secured. Of the consumer nonaccrual loans, 97% are secured by real estate and 85% have a combined LTV (CLTV) ratio of 80% or less.
- losses of $358 million and $1.6 billion have already been recognized on 21% of commercial nonaccrual loans and 42% of consumer nonaccrual loans, respectively. Generally, when a consumer real estate loan is 120 days past due (except when required earlier by guidance issued by bank regulatory agencies), we transfer it to nonaccrual status. When the loan reaches 180 days past due, or is active or discharged in bankruptcy, it is our policy to write these loans down to net realizable value (fair value of collateral less estimated costs to sell). Thereafter, we re-evaluate each loan regularly and record additional write-downs if needed.
- 84% of commercial nonaccrual loans were current on interest, but were on nonaccrual status because the full or timely collection of interest or principal had become uncertain.
- 76% of commercial nonaccrual loans were current on both principal and interest, but will remain on nonaccrual status until the full and timely collection of principal and interest becomes certain.
- the remaining risk of loss of all nonaccrual loans has been considered and we believe is adequately covered by the allowance for loan losses.
- of $2.1 billion of consumer loans in bankruptcy or discharged in bankruptcy, and classified as nonaccrual, $1.4 billion were current.

We continue to work with our customers experiencing financial difficulty to determine if they can qualify for a loan modification so that they can stay in their homes. Under our proprietary modification programs, customers may be required to provide updated documentation, and some programs require completion of payment during trial periods to demonstrate sustained performance before the loan can be removed from nonaccrual status.

Table 24 provides a summary of foreclosed assets and an analysis of changes in foreclosed assets.

**Table 24: Foreclosed Assets**

| (in millions) | | Sep 30, 2018 | Jun 30, 2018 | Mar 31, 2018 | Dec 31, 2017 | Sep 30, 2017 |
|---|---|---|---|---|---|---|
| **Summary by loan segment** | | | | | | |
| Government insured/guaranteed | **$** | **87** | 90 | 103 | 120 | 137 |
| PCI loans: | | | | | | |
| Commercial | | **31** | 42 | 59 | 57 | 67 |
| Consumer | | **63** | 61 | 58 | 62 | 72 |
| Total PCI loans | | **94** | 103 | 117 | 119 | 139 |
| All other loans: | | | | | | |
| Commercial | | **170** | 134 | 162 | 207 | 226 |
| Consumer | | **171** | 172 | 189 | 196 | 204 |
| Total all other loans | | **341** | 306 | 351 | 403 | 430 |
| Total foreclosed assets | **$** | **522** | 499 | 571 | 642 | 706 |
| **Analysis of changes in foreclosed assets** | | | | | | |
| Balance, beginning of period | **$** | **499** | 571 | 642 | 706 | 781 |
| Net change in government insured/guaranteed (1) | | **(3)** | (13) | (17) | (17) | (12) |
| Additions to foreclosed assets (2) | | **209** | 191 | 185 | 180 | 198 |
| Reductions: | | | | | | |
| Sales | | **(181)** | (257) | (245) | (231) | (257) |
| Write-downs and gains (losses) on sales | | **(2)** | 7 | 6 | 4 | (4) |
| Total reductions | | **(183)** | (250) | (239) | (227) | (261) |
| Balance, end of period | **$** | **522** | 499 | 571 | 642 | 706 |

(1) Foreclosed government insured/guaranteed loans are temporarily transferred to and held by us as servicer, until reimbursement is received from FHA or VA. The net change in government insured/guaranteed foreclosed assets is generally made up of inflows from mortgages held for investment and MLHFS, and outflows when we are reimbursed by FHA/VA.
(2) Includes loans moved into foreclosure from nonaccrual status, PCI loans transitioned directly to foreclosed assets and repossessed automobiles.

Foreclosed assets at September 30, 2018, included $317 million of foreclosed residential real estate, of which 27% is predominantly FHA insured or VA guaranteed and expected to have minimal or no loss content. The remaining foreclosed assets balance of $205 million has been written down to estimated net realizable value. Of the $522 million in foreclosed assets at September 30, 2018, 63% have been in the foreclosed assets portfolio one year or less.

**TROUBLED DEBT RESTRUCTURINGS (TDRs)**

**Table 25: Troubled Debt Restructurings (TDRs)**

| (in millions) | | Sep 30, 2018 | Jun 30, 2018 | Mar 31, 2018 | Dec 31, 2017 | Sep 30, 2017 |
|---|---|---|---|---|---|---|
| Commercial: | | | | | | |
| Commercial and industrial | $ | **1,837** | 1,792 | 1,703 | 2,096 | 2,424 |
| Real estate mortgage | | **782** | 904 | 939 | 901 | 953 |
| Real estate construction | | **49** | 40 | 45 | 44 | 48 |
| Lease financing | | **65** | 50 | 53 | 35 | 39 |
| Total commercial TDRs | | **2,733** | 2,786 | 2,740 | 3,076 | 3,464 |
| Consumer: | | | | | | |
| Real estate 1-4 family first mortgage | | **10,967** | 11,387 | 11,782 | 12,080 | 12,617 |
| Real estate 1-4 family junior lien mortgage | | **1,689** | 1,735 | 1,794 | 1,849 | 1,919 |
| Credit Card | | **431** | 410 | 386 | 356 | 340 |
| Automobile | | **91** | 81 | 83 | 87 | 88 |
| Other revolving credit and installment | | **146** | 141 | 137 | 126 | 124 |
| Trial modifications | | **163** | 200 | 198 | 194 | 183 |
| Total consumer TDRs | | **13,487** | 13,954 | 14,380 | 14,692 | 15,271 |
| Total TDRs | $ | **16,220** | 16,740 | 17,120 | 17,768 | 18,735 |
| TDRs on nonaccrual status | $ | **4,298** | 4,454 | 4,428 | 4,801 | 5,218 |
| TDRs on accrual status: | | | | | | |
| Government insured/guaranteed | | **1,308** | 1,368 | 1,375 | 1,359 | 1,377 |
| Non-government insured/guaranteed | | **10,614** | 10,918 | 11,317 | 11,608 | 12,140 |
| Total TDRs | $ | **16,220** | 16,740 | 17,120 | 17,768 | 18,735 |

Table 25 provides information regarding the recorded investment of loans modified in TDRs. The allowance for loan losses for TDRs was $1.3 billion and $1.6 billion at September 30, 2018, and December 31, 2017, respectively. See Note 6 (Loans and Allowance for Credit Losses) to Financial Statements in this Report for additional information regarding TDRs. In those situations where principal is forgiven, the entire amount of such forgiveness is immediately charged off to the extent not done so prior to the modification. When we delay the timing on the repayment of a portion of principal (principal forbearance), we charge off the amount of forbearance if that amount is not considered fully collectible.

For more information on our nonaccrual policies when a restructuring is involved, see the "Risk Management – Credit Risk Management – Troubled Debt Restructurings (TDRs)" section in our 2017 Form 10-K.

Table 26 provides an analysis of the changes in TDRs. Loans modified more than once are reported as TDR inflows only in the period they are first modified. Other than resolutions such as foreclosures, sales and transfers to held for sale, we may remove loans held for investment from TDR classification, but only if they have been refinanced or restructured at market terms and qualify as a new loan.

**Table 26: Analysis of Changes in TDRs**

| (in millions) | Sep 30, 2018 | Jun 30, 2018 | Mar 31, 2018 | Dec 31, 2017 | Sep 30, 2017 |
|---|---|---|---|---|---|
| | | | | | Quarter ended |
| **Commercial TDRs** | | | | | |
| Balance, beginning of quarter | **$ 2,786** | 2,740 | 3,076 | 3,464 | 3,736 |
| Inflows (1)(2) | **588** | 481 | 321 | 412 | 333 |
| Outflows | | | | | |
| Charge-offs | **(92)** | (41) | (63) | (65) | (74) |
| Foreclosures | **(13)** | — | — | (1) | (2) |
| Payments, sales and other (2)(3) | **(536)** | (394) | (594) | (734) | (529) |
| Balance, end of quarter | **2,733** | 2,786 | 2,740 | 3,076 | 3,464 |
| **Consumer TDRs** | | | | | |
| Balance, beginning of quarter | **13,954** | 14,380 | 14,692 | 15,271 | 15,850 |
| Inflows (1) | **414** | 467 | 487 | 395 | 461 |
| Outflows | | | | | |
| Charge-offs | **(56)** | (56) | (54) | (52) | (51) |
| Foreclosures | **(116)** | (133) | (131) | (135) | (146) |
| Payments, sales and other (3) | **(672)** | (706) | (618) | (798) | (811) |
| Net change in trial modifications (4) | **(37)** | 2 | 4 | 11 | (32) |
| Balance, end of quarter | **13,487** | 13,954 | 14,380 | 14,692 | 15,271 |
| Total TDRs | **$ 16,220** | 16,740 | 17,120 | 17,768 | 18,735 |

(1) Inflows include loans that modify, even if they resolve within the period, as well as gross advances on term loans that modified in a prior period and net advances on revolving commercial TDRs that modified in a prior period.
(2) Information for the quarter ended June 30, 2018 has been revised to offset payments and advances (i.e. inflows) on revolving commercial TDRs, for consistent presentation of this activity for all periods.
(3) Other outflows include normal amortization/accretion of loan basis adjustments and loans transferred to held-for-sale. It also includes $5 million and $6 million of loans refinanced or restructured at market terms and qualifying as new loans and removed from TDR classification for the quarters ended March 31, 2018 and September 30, 2017, respectively, while no loans were removed from TDR classification for the quarters ended September 30 and June 30, 2018, and December 31, 2017.
(4) Net change in trial modifications includes: inflows of new TDRs entering the trial payment period, net of outflows for modifications that either (i) successfully perform and enter into a permanent modification, or (ii) did not successfully perform according to the terms of the trial period plan and are subsequently charged-off, foreclosed upon or otherwise resolved.

**LOANS 90 DAYS OR MORE PAST DUE AND STILL ACCRUING**

Loans 90 days or more past due as to interest or principal are still accruing if they are (1) well-secured and in the process of collection or (2) real estate 1-4 family mortgage loans or consumer loans exempt under regulatory rules from being classified as nonaccrual until later delinquency, usually 120 days past due. PCI loans are not included in past due and still accruing loans even when they are 90 days or more contractually past due. These PCI loans are considered to be accruing because they continue to earn interest from accretable yield, independent of performance in accordance with their contractual terms.

Excluding insured/guaranteed loans, loans 90 days or more past due and still accruing at September 30, 2018, were down $130 million, or 12%, from December 31, 2017, due to payoffs, modifications and other loss mitigation activities and credit stabilization. Also, fluctuations from quarter to quarter are influenced by seasonality.

Loans 90 days or more past due and still accruing whose repayments are predominantly insured by the FHA or guaranteed by the VA for mortgages were $8.3 billion at September 30, 2018, down from $10.9 billion at December 31, 2017, due to an improvement in delinquencies in the portfolio as well as a higher volume of loan modifications.

Table 27 reflects non-PCI loans 90 days or more past due and still accruing by class for loans not government insured/guaranteed. For additional information on delinquencies by loan class, see Note 6 (Loans and Allowance for Credit Losses) to Financial Statements in this Report.

**Table 27: Loans 90 Days or More Past Due and Still Accruing**

| (in millions) | | **Sep 30, 2018** | Jun 30, 2018 | Mar 31, 2018 | Dec 31, 2017 | Sep 30, 2017 |
|---|---|---|---|---|---|---|
| Total (excluding PCI (1)): | **$** | **9,209** | 9,464 | 10,753 | 11,997 | 10,227 |
| Less: FHA insured/VA guaranteed (2)(3) | | **8,276** | 8,622 | 9,786 | 10,934 | 9,266 |
| **Total, not government insured/guaranteed** | **$** | **933** | 842 | 967 | 1,063 | 961 |
| By segment and class, not government insured/guaranteed: | | | | | | |
| Commercial: | | | | | | |
| Commercial and industrial | **$** | **42** | 23 | 40 | 26 | 27 |
| Real estate mortgage | | **56** | 26 | 23 | 23 | 11 |
| Real estate construction | | **—** | — | 1 | — | — |
| Total commercial | | **98** | 49 | 64 | 49 | 38 |
| Consumer: | | | | | | |
| Real estate 1-4 family first mortgage (3) | | **129** | 133 | 164 | 219 | 190 |
| Real estate 1-4 family junior lien mortgage (3) | | **32** | 33 | 48 | 60 | 49 |
| Credit card | | **460** | 429 | 473 | 492 | 475 |
| Automobile | | **108** | 105 | 113 | 143 | 111 |
| Other revolving credit and installment | | **106** | 93 | 105 | 100 | 98 |
| Total consumer | | **835** | 793 | 903 | 1,014 | 923 |
| **Total, not government insured/guaranteed** | **$** | **933** | 842 | 967 | 1,063 | 961 |

(1) PCI loans totaled $567 million, $811 million, $1.0 billion, $1.4 billion, and $1.4 billion at September 30, June 30 and March 31, 2018, and December 31 and September 30, 2017, respectively.
(2) Represents loans whose repayments are predominantly insured by the FHA or guaranteed by the VA.
(3) Includes mortgage loans held for sale 90 days or more past due and still accruing.

**NET CHARGE-OFFS**

**Table 28: Net Charge-offs**

| | Quarter ended | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | **Sep 30, 2018** | | Jun 30, 2018 | | Mar 31, 2018 | | Dec 31, 2017 | | Sep 30, 2017 | |
| ($ in millions) | **Net loan charge-offs** | **% of avg. loans**(1) | Net loan charge-offs | % of avg. loans (1) | Net loan charge-offs | % of avg. loans (1) | Net loan charge-offs | % of avg. loans (1) | Net loan charge-offs | % of avg. loans (1) |
| Commercial: | | | | | | | | | | |
| Commercial and industrial | **$ 148** | **0.18%** | $ 58 | 0.07% | $ 85 | 0.10% | $ 118 | 0.14% | $ 125 | 0.15% |
| Real estate mortgage | **(1)** | **—** | — | — | (15) | (0.05) | (10) | (0.03) | (3) | (0.01) |
| Real estate construction | **(2)** | **(0.04)** | (6) | (0.09) | (4) | (0.07) | (3) | (0.05) | (15) | (0.24) |
| Lease financing | **7** | **0.14** | 15 | 0.32 | 12 | 0.25 | 10 | 0.20 | 6 | 0.12 |
| Total commercial | **152** | **0.12** | 67 | 0.05 | 78 | 0.06 | 115 | 0.09 | 113 | 0.09 |
| Consumer: | | | | | | | | | | |
| Real estate 1-4 family first mortgage | **(25)** | **(0.04)** | (23) | (0.03) | (18) | (0.03) | (23) | (0.03) | (16) | (0.02) |
| Real estate 1-4 family junior lien mortgage | **(9)** | **(0.10)** | (13) | (0.13) | (8) | (0.09) | (7) | (0.06) | 1 | — |
| Credit card | **299** | **3.22** | 323 | 3.61 | 332 | 3.69 | 336 | 3.66 | 277 | 3.08 |
| Automobile | **130** | **1.10** | 113 | 0.93 | 208 | 1.64 | 188 | 1.38 | 202 | 1.41 |
| Other revolving credit and installment | **133** | **1.44** | 135 | 1.44 | 149 | 1.60 | 142 | 1.46 | 140 | 1.44 |
| Total consumer | **528** | **0.47** | 535 | 0.49 | 663 | 0.60 | 636 | 0.56 | 604 | 0.53 |
| Total | **$ 680** | **0.29%** | $ 602 | 0.26% | $ 741 | 0.32% | $ 751 | 0.31% | $ 717 | 0.30% |

(1) Quarterly net charge-offs (recoveries) as a percentage of average respective loans are annualized.

Table 28 presents net charge-offs for third quarter 2018 and the previous four quarters. Net charge-offs in third quarter 2018 were $680 million (0.29% of average total loans outstanding) compared with $717 million (0.30%) in third quarter 2017.

The increase in commercial net charge-offs from third quarter 2017 was due to higher commercial and industrial loan charge-offs and lower recoveries. Our commercial real estate portfolios were in a net recovery position. Total net charge-offs decreased from the prior year across all consumer portfolios, except for the credit card portfolio, which had a slight increase.

**ALLOWANCE FOR CREDIT LOSSES** The allowance for credit losses, which consists of the allowance for loan losses and the allowance for unfunded credit commitments, is management's estimate of credit losses inherent in the loan portfolio and unfunded credit commitments at the balance sheet date, excluding loans carried at fair value. The detail of the changes in the allowance for credit losses by portfolio segment (including charge-offs and recoveries by loan class) is in Note 6 (Loans and Allowance for Credit Losses) to Financial Statements in this Report.

We apply a disciplined process and methodology to establish our allowance for credit losses each quarter. This process takes into consideration many factors, including historical and forecasted loss trends, loan-level credit quality ratings and loan grade-specific characteristics. The process involves subjective and complex judgments. In addition, we review a variety of credit metrics and trends. These credit metrics and trends, however, do not solely determine the amount of the allowance as we use several analytical tools. Our estimation approach for the commercial portfolio reflects the estimated probability of default in accordance with the borrower's financial strength, and the severity of loss in the event of default, considering the quality of any underlying collateral. Probability of default and severity at the time of default are statistically derived through historical observations of defaults and losses after default within each credit risk rating. Our estimation approach for the consumer portfolio uses forecasted losses that represent our best estimate of inherent loss based on historical experience, quantitative and other mathematical techniques. For additional information on our allowance for credit losses, see the "Critical Accounting Policies – Allowance for Credit Losses" section in our 2017 Form 10-K and Note 6 (Loans and Allowance for Credit Losses) to Financial Statements in this Report.

Table 29 presents the allocation of the allowance for credit losses by loan segment and class for the most recent quarter end and last four year ends.

**Table 29: Allocation of the Allowance for Credit Losses (ACL)**

| (in millions) | Sep 30, 2018 ACL | Sep 30, 2018 Loans as % of total loans | Dec 31, 2017 ACL | Dec 31, 2017 Loans as % of total loans | Dec 31, 2016 ACL | Dec 31, 2016 Loans as % of total loans | Dec 31, 2015 ACL | Dec 31, 2015 Loans as % of total loans | Dec 31, 2014 ACL | Dec 31, 2014 Loans as % of total loans |
|---|---|---|---|---|---|---|---|---|---|---|
| Commercial: | | | | | | | | | | |
| Commercial and industrial | **$ 3,759** | **36%** | $ 3,752 | 35% | $ 4,560 | 34% | $ 4,231 | 33% | $ 3,506 | 32% |
| Real estate mortgage | **1,281** | **13** | 1,374 | 13 | 1,320 | 14 | 1,264 | 13 | 1,576 | 13 |
| Real estate construction | **1,228** | **2** | 1,238 | 3 | 1,294 | 2 | 1,210 | 3 | 1,097 | 2 |
| Lease financing | **300** | **2** | 268 | 2 | 220 | 2 | 167 | 1 | 198 | 1 |
| Total commercial | **6,568** | **53** | 6,632 | 53 | 7,394 | 52 | 6,872 | 50 | 6,377 | 48 |
| Consumer: | | | | | | | | | | |
| Real estate 1-4 family first mortgage | **827** | **30** | 1,085 | 30 | 1,270 | 29 | 1,895 | 30 | 2,878 | 31 |
| Real estate 1-4 family junior lien mortgage | **493** | **4** | 608 | 4 | 815 | 5 | 1,223 | 6 | 1,566 | 7 |
| Credit card | **1,959** | **4** | 1,944 | 4 | 1,605 | 4 | 1,412 | 4 | 1,271 | 4 |
| Automobile | **546** | **5** | 1,039 | 5 | 817 | 6 | 529 | 6 | 516 | 6 |
| Other revolving credit and installment | **563** | **4** | 652 | 4 | 639 | 4 | 581 | 4 | 561 | 4 |
| Total consumer | **4,388** | **47** | 5,328 | 47 | 5,146 | 48 | 5,640 | 50 | 6,792 | 52 |
| Total | **$10,956** | **100%** | $ 11,960 | 100% | $ 12,540 | 100% | $ 12,512 | 100% | $ 13,169 | 100% |

| | Sep 30, 2018 | Dec 31, 2017 | Dec 31, 2016 | Dec 31, 2015 | Dec 31, 2014 |
|---|---|---|---|---|---|
| Components: | | | | | |
| Allowance for loan losses | **$ 10,021** | 11,004 | 11,419 | 11,545 | 12,319 |
| Allowance for unfunded credit commitments | **935** | 956 | 1,121 | 967 | 850 |
| Allowance for credit losses | **$ 10,956** | 11,960 | 12,540 | 12,512 | 13,169 |
| Allowance for loan losses as a percentage of total loans | **1.06%** | 1.15 | 1.18 | 1.26 | 1.43 |
| Allowance for loan losses as a percentage of total net charge-offs (1) | **371** | 376 | 324 | 399 | 418 |
| Allowance for credit losses as a percentage of total loans | **1.16** | 1.25 | 1.30 | 1.37 | 1.53 |
| Allowance for credit losses as a percentage of total nonaccrual loans | **155** | 149 | 121 | 110 | 103 |

(1) Total net charge-offs are annualized for quarter ended September 30, 2018.

In addition to the allowance for credit losses, there was $419 million at September 30, 2018, and $474 million at December 31, 2017 of nonaccretable difference to absorb losses for PCI loans, which totaled $6.9 billion at September 30, 2018. The allowance for credit losses is lower than otherwise would have been required without PCI loan accounting. As a result of PCI loans, certain ratios of the Company may not be directly comparable with credit-related metrics for other financial institutions. Additionally, loans purchased at fair value, including loans from the GE Capital business acquisitions in 2016, generally reflect a lifetime credit loss adjustment and therefore do not initially require additions to the allowance as is typically associated with loan growth. For additional information on PCI loans, see the "Risk Management – Credit Risk Management – Purchased Credit-Impaired Loans" section and Note 6 (Loans and Allowance for Credit Losses) to Financial Statements in this Report.

The ratio of the allowance for credit losses to total nonaccrual loans may fluctuate significantly from period to period due to such factors as the mix of loan types in the portfolio, borrower credit strength and the value and marketability of collateral.

The allowance for credit losses decreased $1.0 billion, or 8%, from December 31, 2017, due to an improvement in our outlook for 2017 hurricane-related losses, as well as continued improvement in residential real estate and lower loan balances. Total provision for credit losses was $580 million in third quarter 2018, compared with $717 million in third quarter 2017, reflecting the same changes mentioned above for the allowance for credit losses.

We believe the allowance for credit losses of $11.0 billion at September 30, 2018, was appropriate to cover credit losses inherent in the loan portfolio, including unfunded credit commitments, at that date. The entire allowance is available to absorb credit losses inherent in the total loan portfolio. The allowance for credit losses is subject to change and reflects existing factors as of the date of determination, including economic or market conditions and ongoing internal and external examination processes. Due to the sensitivity of the allowance for credit losses to changes in the economic and business environment, it is possible that we will incur incremental credit losses not anticipated as of the balance sheet date. Future allowance levels will be based on a variety of factors, including

loan growth, portfolio performance and general economic conditions. Our process for determining the allowance for credit losses is discussed in the "Critical Accounting Policies – Allowance for Credit Losses" section and Note 1 (Summary of Significant Accounting Policies) to Financial Statements in our 2017 Form 10-K.

**LIABILITY FOR MORTGAGE LOAN REPURCHASE LOSSES** In connection with our sales and securitization of residential mortgage loans to various parties, we have established a mortgage repurchase liability, initially at fair value, related to various representations and warranties that reflect management's estimate of losses for loans for which we could have a repurchase obligation, whether or not we currently service those loans, based on a combination of factors. Our mortgage repurchase liability estimation process also incorporates a forecast of repurchase demands associated with mortgage insurance rescission activity.

Because we typically retain the servicing for the mortgage loans we sell or securitize, we believe the quality of our residential mortgage loan servicing portfolio provides helpful information in evaluating our repurchase liability. Of the $1.5 trillion in the residential mortgage loan servicing portfolio at September 30, 2018, 96% was current and less than 1% was subprime at origination. Our combined delinquency and foreclosure rate on this portfolio was 4.32% at September 30, 2018, compared with 5.14% at December 31, 2017. One percent of this portfolio is private label securitizations for which we originated the loans and, therefore, have some repurchase risk.

The overall level of unresolved repurchase demands and mortgage insurance rescissions outstanding at September 30, 2018, was $62 million, representing 294 loans, down from a year ago both in number of outstanding loans and in total dollar balances. The decrease was predominantly due to private investor demands which we resolved in third quarter 2018.

Our liability for mortgage repurchases, included in "Accrued expenses and other liabilities" in our consolidated balance sheet, represents our best estimate of the probable loss that we expect to incur for various representations and warranties in the contractual provisions of our sales of mortgage loans. The liability was $178 million at September 30, 2018, and $181 million at December 31, 2017. In third quarter 2018, we recorded a provision of $1 million predominantly due to loan sales, which decreased net gains on mortgage loan origination/sales activities, compared with a release of $6 million in third quarter 2017. We incurred net losses on repurchased loans and investor reimbursements totaling $2 million in third quarter 2018 and $3 million in third quarter 2017.

Because of the uncertainty in the various estimates underlying the mortgage repurchase liability, there is a range of losses in excess of the recorded mortgage repurchase liability that are reasonably possible. The estimate of the range of possible loss for representations and warranties does not represent a probable loss, and is based on currently available information, significant judgment, and a number of assumptions that are subject to change. The high end of this range of reasonably possible losses exceeded our recorded liability by $201 million at September 30, 2018, and was determined based upon modifying the assumptions (particularly to assume significant changes in investor repurchase demand practices) used in our best estimate of probable loss to reflect what we believe to be the high end of reasonably possible adverse assumptions.

For additional information on our repurchase liability, see the "Risk Management – Credit Risk Management – Liability For Mortgage Loan Repurchase Losses" section in our 2017 Form 10-K and Note 10 (Mortgage Banking Activities) to Financial Statements in this Report.

**RISKS RELATING TO SERVICING ACTIVITIES** In addition to servicing loans in our portfolio, we act as servicer and/or master servicer of residential mortgage loans included in GSE-guaranteed mortgage securitizations, GNMA-guaranteed mortgage securitizations of FHA-insured/VA-guaranteed mortgages and private label mortgage securitizations, as well as for unsecuritized loans owned by institutional investors. In connection with our servicing activities, we could become subject to consent orders and settlement agreements with federal and state regulators for alleged servicing issues and practices. In general, these can require us to provide customers with loan modification relief, refinancing relief, and foreclosure prevention and assistance, as well as can impose certain monetary penalties on us.

For additional information about the risks related to our servicing activities, see the "Risk Management – Credit Risk Management – Risks Relating to Servicing Activities" section in our 2017 Form 10-K.

## Asset/Liability Management

Asset/liability management involves evaluating, monitoring and managing interest rate risk, market risk, liquidity and funding. Primary oversight of interest rate risk and market risk resides with the Finance Committee of our Board of Directors (Board), which oversees the administration and effectiveness of financial risk management policies and processes used to assess and manage these risks. Primary oversight of liquidity and funding resides with the Risk Committee of the Board. At the management level we utilize a Corporate Asset/Liability Management Committee (Corporate ALCO), which consists of senior financial, risk, and business executives, to oversee these risks and report on them periodically to the Board's Finance Committee and Risk Committee as appropriate. As discussed in more detail for market risk activities below, we employ separate management level oversight specific to market risk.

**INTEREST RATE RISK** Interest rate risk, which potentially can have a significant earnings impact, is an integral part of being a financial intermediary. We are subject to interest rate risk because:

- assets and liabilities may mature or reprice at different times (for example, if assets reprice faster than liabilities and interest rates are generally rising, earnings will initially increase);
- assets and liabilities may reprice at the same time but by different amounts (for example, when the general level of interest rates is rising, we may increase rates paid on checking and savings deposit accounts by an amount that is less than the general rise in market interest rates);
- short-term and long-term market interest rates may change by different amounts (for example, the shape of the yield curve may affect new loan yields and funding costs differently);
- the remaining maturity of various assets or liabilities may shorten or lengthen as interest rates change (for example, if long-term mortgage interest rates increase sharply, MBS held in the debt securities portfolio may pay down slower than anticipated, which could impact portfolio income); or
- interest rates may also have a direct or indirect effect on loan demand, collateral values, credit losses, mortgage origination volume, the fair value of MSRs and other financial instruments, the value of the pension liability and other items affecting earnings.

We assess interest rate risk by comparing outcomes under various net interest income simulations using many interest rate scenarios that differ in the direction of interest rate changes, the degree of change over time, the speed of change and the projected shape of the yield curve. These simulations require assumptions regarding drivers of earnings and balance sheet composition such as loan originations, prepayment speeds on loans and debt securities, deposit flows and mix, as well as pricing strategies.

Currently, our profile is such that we project net interest income will benefit modestly from higher interest rates as our assets would reprice faster and to a greater degree than our liabilities, while in the case of lower interest rates, our assets would reprice downward and to a greater degree than our liabilities.

Our most recent simulations estimate net interest income sensitivity over the next two years under a range of both lower and higher interest rates. Measured impacts from standardized ramps (gradual changes) and shocks (instantaneous changes) are summarized in Table 30, indicating net interest income sensitivity relative to the Company's base net interest income plan. Ramp scenarios assume interest rates move gradually in parallel across the yield curve relative to the base scenario in year one, and the full amount of the ramp is held as a constant differential to the base scenario in year two. The following describes the simulation assumptions for the scenarios presented in Table 30:

- Simulations are dynamic and reflect anticipated growth across assets and liabilities.
- Other macroeconomic variables that could be correlated with the changes in interest rates are held constant.
- Mortgage prepayment and origination assumptions vary across scenarios and reflect only the impact of the higher or lower interest rates.
- Our base scenario deposit forecast incorporates mix changes consistent with the base interest rate trajectory. Deposit mix is modeled to be the same as in the base scenario across the alternative scenarios. In higher interest rate scenarios, customer activity that shifts balances into higher-yielding products could reduce expected net interest income.
- We hold the size of the projected debt and equity securities portfolios constant across scenarios.

**Table 30: Net Interest Income Sensitivity Over Next Two-Year Horizon Relative to Base Expectation**

| | | | Lower Rates | Higher Rates | |
|---|---|---|---|---|---|
| ($ in billions) | Base | | 100 bps Ramp Parallel Decrease | 100 bps Instantaneous Parallel Increase | 200 bps Ramp Parallel Increase |
| **First Year of Forecasting Horizon** | | | | | |
| Net Interest Income Sensitivity to Base Scenario | | $ | (1.0) - (0.5) | 0.8 - 1.3 | 0.8 - 1.3 |
| *Key Rates at Horizon End* | | | | | |
| Fed Funds Target | 3.00 | % | 2.00 | 4.00 | 5.00 |
| 10-year CMT (1) | 3.47 | | 2.47 | 4.47 | 5.47 |
| **Second Year of Forecasting Horizon** | | | | | |
| Net Interest Income Sensitivity to Base Scenario | | $ | (1.9) - (1.4) | 1.2 - 1.7 | 2.0 - 2.5 |
| *Key Rates at Horizon End* | | | | | |
| Fed Funds Target | 3.00 | % | 2.00 | 4.00 | 5.00 |
| 10-year CMT (1) | 3.81 | | 2.81 | 4.81 | 5.81 |

(1) U.S. Constant Maturity Treasury Rate

The sensitivity results above do not capture interest rate sensitive noninterest income and expense impacts. Our interest rate sensitive noninterest income and expense is predominantly driven by mortgage activity, and may move in the opposite direction of our net interest income. Typically, in response to higher interest rates, mortgage activity, primarily refinancing activity, generally declines. And in response to lower interest rates, mortgage activity generally increases. Mortgage results are also impacted by the valuation of MSRs and related hedge positions. See the "Risk Management – Asset/Liability Management – Mortgage Banking Interest Rate and Market Risk" section in this Report for more information.

Interest rate sensitive noninterest income also results from changes in earnings credit for non-interest bearing deposits that reduce treasury management deposit service fees. Furthermore, for the trading portfolio, interest rate changes may result in net interest income compression (generally as interest rates rise) or expansion (generally as interest rates fall) that does not reflect the offsetting effects of certain economic hedges. Instead, as a result of GAAP requirements, the effects of such economic hedges are recorded in noninterest income.

We use the debt securities portfolio and exchange-traded and over-the-counter (OTC) interest rate derivatives to hedge our interest rate exposures. See the "Balance Sheet Analysis – Available-for-Sale and Held-to-Maturity Debt Securities" section in this Report for more information on the use of the available-for-sale and held-to-maturity securities portfolios. The notional or contractual amount, credit risk amount and fair value of the derivatives used to hedge our interest rate risk exposures as of September 30, 2018, and December 31, 2017, are presented in Note 14 (Derivatives) to Financial Statements in this Report. We use derivatives for asset/liability management in two main ways:

- to convert the cash flows from selected asset and/or liability instruments/portfolios including investments, commercial loans and long-term debt, from fixed-rate payments to floating-rate payments, or vice versa; and
- to economically hedge our mortgage origination pipeline, funded mortgage loans and MSRs using interest rate swaps, swaptions, futures, forwards and options.

**MORTGAGE BANKING INTEREST RATE AND MARKET RISK**
We originate, fund and service mortgage loans, which subjects us to various risks, including credit, liquidity and interest rate risks. For more information on mortgage banking interest rate and market risk, see the "Risk Management – Asset/Liability Management – Mortgage Banking Interest Rate and Market Risk" section in our 2017 Form 10-K.

While our hedging activities are designed to balance our mortgage banking interest rate risks, the financial instruments we use may not perfectly correlate with the values and income being hedged. For example, the change in the value of ARM production held for sale from changes in mortgage interest rates may or may not be fully offset by index-based financial instruments used as economic hedges for such ARMs. Additionally, hedge-carry income on our economic hedges for the MSRs may not continue at recent levels if the spread between short-term and long-term interest rates decreases, the overall level of hedges changes as interest rates change, or there are other changes in the market for mortgage forwards that affect the implied carry.

The total carrying value of our residential and commercial MSRs was $17.4 billion at September 30, 2018, and $15.0 billion at December 31, 2017. The weighted-average note rate on our portfolio of loans serviced for others was 4.29% at September 30, 2018, and 4.23% at December 31, 2017. The carrying value of our total MSRs represented 1.02% of mortgage loans serviced for others at September 30, 2018, and 0.88% of mortgage loans serviced for others at December 31, 2017.

**MARKET RISK** Market risk is the risk of loss in the trading book associated with adverse changes in market risk factors such as interest rates, credit spreads, foreign exchange rates, equity, and commodity prices. The Finance Committee of our Board reviews the acceptable market risk appetite for our trading activities.

**MARKET RISK – TRADING ACTIVITIES** We engage in trading activities to accommodate the investment and risk management activities of our customers and to execute economic hedging to manage certain balance sheet risks. These trading activities predominantly occur within our Wholesale Banking businesses and to a lesser extent other divisions of the Company. Debt securities held for trading, equity securities held for trading, trading loans and trading derivatives are financial instruments used in our trading activities, and all are carried at fair value. Income earned on the financial instruments used in our trading activities include net interest income, changes in fair value and realized gains and losses. Net interest income earned from our trading activities is reflected in the interest income and interest expense components of our income statement. Changes in fair value of the financial instruments used in our trading activities are reflected in net gains on trading activities, a component of noninterest income in our income statement. For more information on the financial instruments used in our trading activities and the income from these trading activities, see Note 4 (Trading Activities) to Financial Statements in this Report.

The Company uses value-at-risk (VaR) metrics complemented with sensitivity analysis and stress testing in measuring and monitoring market risk. VaR is a statistical risk measure used to estimate the potential loss from adverse moves in the financial markets. For more information, see the "Risk Management – Asset/Liability Management – Market Risk – Trading Activities" section in our 2017 Form 10-K.

Trading VaR is the measure used to provide insight into the market risk exhibited by the Company's trading positions. The Company calculates Trading VaR for risk management purposes to establish line of business and Company-wide risk limits. Trading VaR is calculated based on all trading positions on our balance sheet.

Table 31 shows the Company's Trading General VaR by risk category. As presented in Table 31, average Company Trading General VaR was $12 million for the quarter ended September 30, 2018, compared with $15 million for the quarter ended June 30, 2018, and $15 million for the quarter ended September 30, 2017. The decrease in average Company Trading General VaR for the quarter ended September 30, 2018, compared with the quarter ended June 30, 2018, was mainly driven by changes in portfolio composition.

**Table 31: Trading 1-Day 99% General VaR by Risk Category**

| | Quarter ended | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | September 30, 2018 | | | | June 30, 2018 | | | | September 30, 2017 | | | |
| (in millions) | Period end | Average | Low | High | Period end | Average | Low | High | Period end | Average | Low | High |
| **Company Trading General VaR Risk Categories** | | | | | | | | | | | | |
| Credit | **$ 13** | **17** | **11** | **55** | 17 | 18 | 15 | 20 | 18 | 26 | 18 | 35 |
| Interest rate | **18** | **18** | **6** | **52** | 18 | 17 | 11 | 24 | 7 | 13 | 7 | 20 |
| Equity | **5** | **5** | **4** | **7** | 8 | 7 | 5 | 16 | 13 | 11 | 9 | 14 |
| Commodity | **2** | **1** | **1** | **2** | 1 | 1 | 1 | 1 | 2 | 1 | 1 | 2 |
| Foreign exchange | **0** | **1** | **0** | **1** | 0 | 0 | 0 | 1 | 0 | 1 | 0 | 1 |
| Diversification benefit (1) | **(25)** | **(30)** | | | (29) | (28) | | | (22) | (37) | | |
| Company Trading General VaR | **$ 13** | **12** | | | 15 | 15 | | | 18 | 15 | | |

(1) The period-end VaR was less than the sum of the VaR components described above, which is due to portfolio diversification. The diversification effect arises because the risks are not perfectly correlated causing a portfolio of positions to usually be less risky than the sum of the risks of the positions alone. The diversification benefit is not meaningful for low and high metrics since they may occur on different days.

*Market Risk Governance, Measurement, Monitoring and Model Risk Management* We employ a well-defined and structured market risk governance process and market risk measurement process, which incorporates VaR measurements combined with sensitivity analysis and stress testing to help us monitor our market risk. These monitoring measurements require the use of market risk models, which we govern by our Corporate Model Risk policies and procedures. For more information on our governance, measurement, monitoring, and model risk management practices, see the "Risk Management – Asset/ Liability Management – Market Risk – Trading Activities" section in our 2017 Form 10-K.

**MARKET RISK – EQUITY SECURITIES** We are directly and indirectly affected by changes in the equity markets. We make and manage direct investments in start-up businesses, emerging growth companies, management buy-outs, acquisitions and corporate recapitalizations. We also invest in non-affiliated funds that make similar private equity investments. These private equity investments are made within capital allocations approved by management and the Board. The Board's policy is to review business developments, key risks and historical returns for the private equity investment portfolio at least annually. Management reviews these investments at least quarterly and assesses them for possible OTTI and observable price changes. For nonmarketable equity securities, the analysis is based on facts and circumstances of each individual investment and the expectations for that investment's cash flows, capital needs, the viability of its business model, our exit strategy, and observable price changes that are similar to the investment held. Investments in nonmarketable equity securities include private equity investments accounted for under the equity method, fair value through net income, and the measurement alternative.

In conjunction with the March 2008 initial public offering (IPO) of Visa, Inc. (Visa), we received approximately 20.7 million shares of Visa Class B common stock, the class which was apportioned to member banks of Visa at the time of the IPO. To manage our exposure to Visa and realize the value of the appreciated Visa shares, we incrementally sold these shares through a series of sales, thereby eliminating this position as of September 30, 2015. As part of these sales, we agreed to compensate the buyer for any additional contributions to a litigation settlement fund for the litigation matters associated with the Class B shares we sold. Our exposure to this retained litigation risk has been updated quarterly and is reflected on our balance sheet. For additional information about the associated litigation matters, see the "Interchange Litigation" section in Note 13 (Legal Actions) to Financial Statements in this Report.

As part of our business to support our customers, we trade public equities, listed/OTC equity derivatives and convertible bonds. We have parameters that govern these activities. We also have marketable equity securities that include investments relating to our venture capital activities. We manage these marketable equity securities within capital risk limits approved by management and the Board and monitored by Corporate ALCO and the Market Risk Committee. The fair value changes in these marketable equity securities are recognized in net income. For more information, see Note 7 (Equity Securities) to Financial Statements in this Report.

Changes in equity market prices may also indirectly affect our net income by (1) the value of third party assets under management and, hence, fee income, (2) borrowers whose ability to repay principal and/or interest may be affected by the stock market, or (3) brokerage activity, related commission income and other business activities. Each business line monitors and manages these indirect risks.

**LIQUIDITY AND FUNDING** The objective of effective liquidity management is to ensure that we can meet customer loan requests, customer deposit maturities/withdrawals and other cash commitments efficiently under both normal operating conditions and under periods of Wells Fargo-specific and/or market stress. To achieve this objective, the Board of Directors establishes liquidity guidelines that require sufficient asset-based liquidity to cover potential funding requirements and to avoid over-dependence on volatile, less reliable funding markets. These guidelines are monitored on a monthly basis by the Corporate ALCO and on a quarterly basis by the Board of Directors. These guidelines are established and monitored for both the consolidated company and for the Parent on a stand-alone basis to ensure that the Parent is a source of strength for its regulated, deposit-taking banking subsidiaries.

**Liquidity Standards** In September 2014, the FRB, OCC and FDIC issued a final rule that implements a quantitative liquidity requirement consistent with the liquidity coverage ratio (LCR) established by the Basel Committee on Banking Supervision (BCBS). The rule requires banking institutions, such as Wells Fargo, to hold high-quality liquid assets (HQLA), such as central bank reserves and government and corporate debt that can be converted easily and quickly into cash, in an amount equal to or greater than its projected net cash outflows during a 30-day stress period. The rule is applicable to the Company on a consolidated basis and to our insured depository institutions with total assets greater than $10 billion. In addition, the FRB finalized rules imposing enhanced liquidity management standards on large bank holding companies (BHC) such as Wells Fargo, and has finalized a rule that requires large bank holding companies to publicly disclose on a quarterly basis certain quantitative and qualitative information regarding their LCR calculations.

The FRB, OCC and FDIC have proposed a rule that would implement a stable funding requirement, the net stable funding ratio (NSFR), which would require large banking organizations, such as Wells Fargo, to maintain a sufficient amount of stable funding in relation to their assets, derivative exposures and commitments over a one-year horizon period.

**Liquidity Coverage Ratio** As of September 30, 2018, the consolidated Company and Wells Fargo Bank, N.A. were above the minimum LCR requirement of 100%, which is calculated as HQLA divided by projected net cash outflows, as each is defined under the LCR rule. Table 32 presents the Company's quarterly average values for the daily-calculated LCR and its components calculated pursuant to the LCR rule requirements.

**Table 32: Liquidity Coverage Ratio**

| (in millions, except ratio) | Average for Quarter ended September 30, 2018 |
|---|---|
| HQLA (1)(2) | **$ 366,558** |
| Projected net cash outflows | **295,813** |
| LCR | **124%** |

(1) Excludes excess HQLA at Wells Fargo Bank, N.A.
(2) Net of applicable haircuts required under the LCR rule.

**Liquidity Sources** We maintain liquidity in the form of cash, cash equivalents and unencumbered high-quality, liquid debt securities. These assets make up our primary sources of liquidity which are presented in Table 33. Our primary sources of liquidity are substantially the same in composition as HQLA under the LCR rule; however, our primary sources of liquidity will generally exceed HQLA calculated under the LCR rule due to the applicable haircuts to HQLA and the exclusion of excess HQLA at our subsidiary insured depository institutions required under the LCR rule.

Our cash is predominantly on deposit with the Federal Reserve. Debt securities included as part of our primary sources of liquidity are comprised of U.S. Treasury and federal agency debt, and mortgage-backed securities issued by federal agencies within our debt securities portfolio. We believe these debt securities provide quick sources of liquidity through sales or by pledging to obtain financing, regardless of market conditions. Some of these debt securities are within the held-to-maturity portion of our debt securities portfolio and as such are not intended for sale but may be pledged to obtain financing. Some of the legal entities within our consolidated group of companies are subject to various regulatory, tax, legal and other restrictions that can limit the transferability of their funds. We believe we maintain adequate liquidity for these entities in consideration of such funds transfer restrictions.

**Table 33: Primary Sources of Liquidity**

| | September 30, 2018 | | | December 31, 2017 | | |
|---|---|---|---|---|---|---|
| (in millions) | **Total** | **Encumbered** | **Unencumbered** | Total | Encumbered | Unencumbered |
| Interest-earning deposits with banks | **$ 140,732** | **—** | **140,732** | 192,580 | — | 192,580 |
| Debt securities of U.S. Treasury and federal agencies | **49,855** | **953** | **48,902** | 51,125 | 964 | 50,161 |
| Mortgage-backed securities of federal agencies (1) | **242,166** | **30,161** | **212,005** | 246,894 | 46,062 | 200,832 |
| Total | **$ 432,753** | **31,114** | **401,639** | 490,599 | 47,026 | 443,573 |

(1) Included in encumbered debt securities at September 30, 2018, were debt securities with a fair value of $534 million which were purchased in September 2018, but settled in October 2018.

In addition to our primary sources of liquidity shown in Table 33, liquidity is also available through the sale or financing of other debt securities including trading and/or available-for-sale debt securities, as well as through the sale, securitization or financing of loans, to the extent such debt securities and loans are not encumbered. In addition, other debt securities in our held-to-maturity portfolio, to the extent not encumbered, may be pledged to obtain financing.

Deposits have historically provided a sizable source of relatively low-cost funds. Deposits were 134% of total loans at September 30, 2018 and 140% at December 31, 2017.

Additional funding is provided by long-term debt and short-term borrowings. We access domestic and international capital markets for long-term funding (generally greater than one year) through issuances of registered debt securities, private placements and asset-backed secured funding.

Table 34 shows selected information for short-term borrowings, which generally mature in less than 30 days.

**Table 34: Short-Term Borrowings**

| | Quarter ended | | | | |
|---|---|---|---|---|---|
| (in millions) | **Sep 30 2018** | Jun 30, 2018 | Mar 31, 2018 | Dec 31, 2017 | Sep 30, 2017 |
| **Balance, period end** | | | | | |
| Federal funds purchased and securities sold under agreements to repurchase | **$ 92,418** | 89,307 | 80,916 | 88,684 | 79,824 |
| Commercial paper | **—** | — | — | — | — |
| Other short-term borrowings | **13,033** | 15,189 | 16,291 | 14,572 | 13,987 |
| Total | **$ 105,451** | 104,496 | 97,207 | 103,256 | 93,811 |
| **Average daily balance for period** | | | | | |
| Federal funds purchased and securities sold under agreements to repurchase | **$ 92,141** | 89,138 | 86,535 | 88,197 | 81,980 |
| Commercial paper | **—** | — | — | — | 4 |
| Other short-term borrowings | **13,331** | 14,657 | 15,244 | 13,945 | 17,209 |
| Total | **$ 105,472** | 103,795 | 101,779 | 102,142 | 99,193 |
| **Maximum month-end balance for period** | | | | | |
| Federal funds purchased and securities sold under agreements to repurchase (1) | **$ 92,531** | 92,103 | 88,121 | 91,604 | 83,260 |
| Commercial paper (2) | **—** | — | — | — | 11 |
| Other short-term borrowings (3) | **14,270** | 15,272 | 16,924 | 14,948 | 18,301 |

(1) Highest month-end balance in each of the last five quarters was in July, May and January 2018, and November and August 2017.
(2) There were no month-end balances in third, second and first quarter 2018, and fourth quarter 2017; highest month-end balance in remaining quarter was in July 2017.
(3) Highest month-end balance in each of the last five quarters was in July, May and January 2018, and November and July 2017.

**Long-Term Debt** We issue long-term debt in a variety of maturities and currencies to achieve cost-efficient funding and to maintain an appropriate maturity profile. Long-term debt of $221.3 billion at September 30, 2018, decreased $3.7 billion from December 31, 2017. We issued $10.1 billion and $31.4 billion of long-term debt in the third quarter and first nine months of 2018, respectively. Table 35 provides the aggregate carrying value of long-term debt maturities (based on contractual payment dates) for the remainder of 2018 and the following years thereafter, as of September 30, 2018.

**Table 35: Maturity of Long-Term Debt**

| | September 30, 2018 | | | | | | |
|---|---|---|---|---|---|---|---|
| (in millions) | Remaining 2018 | 2019 | 2020 | 2021 | 2022 | Thereafter | Total |
| **Wells Fargo & Company (Parent Only)** | | | | | | | |
| Senior notes | $ 153 | 6,683 | 13,335 | 17,766 | 17,748 | 51,116 | 106,801 |
| Subordinated notes | 581 | — | — | — | — | 24,667 | 25,248 |
| Junior subordinated notes | — | — | — | — | — | 1,562 | 1,562 |
| Total long-term debt - Parent | $ 734 | 6,683 | 13,335 | 17,766 | 17,748 | 77,345 | 133,611 |
| **Wells Fargo Bank, N.A. and other bank entities (Bank)** | | | | | | | |
| Senior notes | $ 8,999 | 32,617 | 12,495 | 14,938 | 40 | 2,928 | 72,017 |
| Subordinated notes | — | — | — | — | — | 5,125 | 5,125 |
| Junior subordinated notes | — | — | — | — | — | 350 | 350 |
| Securitizations and other bank debt | 1,068 | 1,250 | 1,374 | 299 | 164 | 2,738 | 6,893 |
| Total long-term debt - Bank | $ 10,067 | 33,867 | 13,869 | 15,237 | 204 | 11,141 | 84,385 |
| **Other consolidated subsidiaries** | | | | | | | |
| Senior notes | $ 769 | 1,148 | — | 958 | — | 379 | 3,254 |
| Securitizations and other bank debt | 73 | — | — | — | — | — | 73 |
| Total long-term debt - Other consolidated subsidiaries | $ 842 | 1,148 | — | 958 | — | 379 | 3,327 |
| **Total long-term debt** | $ 11,643 | 41,698 | 27,204 | 33,961 | 17,952 | 88,865 | 221,323 |

**Parent** In February 2017, the Parent filed a registration statement with the SEC for the issuance of senior and subordinated notes, preferred stock and other securities. The Parent's ability to issue debt and other securities under this registration statement is limited by the debt issuance authority granted by the Board. As of September 30, 2018, the Parent was authorized by the Board to issue up to $180 billion in outstanding long-term debt. The Parent's long-term debt issuance authority granted by the Board includes debt issued to affiliates and others. At September 30, 2018, the Parent had available $37.0 billion in long-term debt issuance authority. During the first nine months of 2018, the Parent issued $1.2 billion of senior notes, of which $888 million were registered with the SEC. The Parent's short-term debt issuance

authority granted by the Board was limited to debt issued to affiliates, and was revoked by the Board at management's request in January 2018.

The Parent's proceeds from securities issued were used for general corporate purposes, and, unless otherwise specified in the applicable prospectus or prospectus supplement, we expect the proceeds from securities issued in the future will be used for the same purposes. Depending on market conditions, we may purchase our outstanding debt securities from time to time in privately negotiated or open market transactions, by tender offer, or otherwise.

**Wells Fargo Bank, N.A.** As of September 30, 2018, Wells Fargo Bank, N.A. was authorized by its board of directors to issue $100 billion in outstanding short-term debt and $175 billion in outstanding long-term debt and had available $99.6 billion in short-term debt issuance authority and $101.7 billion in long-term debt issuance authority. In April 2018, Wells Fargo Bank, N.A. established a new $100 billion bank note program under which, subject to any other debt outstanding under the limits described above, it may issue $50 billion in outstanding short-term senior notes and $50 billion in outstanding long-term senior or subordinated notes. At September 30, 2018, Wells Fargo Bank, N.A. had remaining issuance capacity under the new bank note program of $50.0 billion in short-term senior notes and $43.0 billion in long-term senior or subordinated notes. During the first nine months of 2018, Wells Fargo Bank, N.A. issued $14.3 billion of unregistered senior notes, including $1.0 billion of senior redeemable floating rate notes issued in September 2018 with an interest rate indexed to the new Secured Overnight Financing Rate (SOFR) published by the Federal Reserve Bank of New York, and $6.0 billion of which were issued under a prior bank note program. SOFR is an alternative to LIBOR and is a broad measure of the cost of borrowing cash overnight collateralized by U.S. Treasury securities. It is expected that a transition away from the widespread use of LIBOR to alternative benchmark rates will occur over the course of the next few years. Accordingly, the FASB recently issued a pronouncement that includes SOFR, among others, as a permitted benchmark interest rate for the application of hedge accounting. See the "Risk Factors" section in our 2017 Form 10-K for additional information regarding the potential impact of a benchmark rate, such as LIBOR, or other referenced financial metric being significantly changed, replaced or discontinued.

In addition, during the first nine months of 2018, Wells Fargo Bank, N.A. executed advances of $17.7 billion with the Federal Home Loan Bank of Des Moines, and as of September 30, 2018, Wells Fargo Bank, N.A. had outstanding advances of $45.9 billion across the Federal Home Loan Bank System. Furthermore, in October 2018, Wells Fargo Bank, N.A. issued $3.3 billion of unregistered senior notes under the new bank note program and executed $6.5 billion in Federal Home Loan Bank advances.

**Credit Ratings** Investors in the long-term capital markets, as well as other market participants, generally will consider, among other factors, a company's debt rating in making investment decisions. Rating agencies base their ratings on many quantitative and qualitative factors, including capital adequacy, liquidity, asset quality, business mix, the level and quality of earnings, and rating agency assumptions regarding the probability and extent of federal financial assistance or support for certain large financial institutions. Adverse changes in these factors could result in a reduction of our credit rating; however, our debt securities do not contain credit rating covenants.

During third quarter 2018, our ratings were affirmed by S&P Global Ratings, confirmed by DBRS, Inc. (DBRS), and affirmed by Fitch Ratings, Inc. Both the Parent and Wells Fargo Bank, N.A. remain among the highest-rated financial firms in the U.S.

See the "Risk Factors" section in our 2017 Form 10-K for additional information regarding our credit ratings and the potential impact a credit rating downgrade would have on our liquidity and operations, as well as Note 14 (Derivatives) to Financial Statements in this Report for information regarding additional collateral and funding obligations required for certain derivative instruments in the event our credit ratings were to fall below investment grade.

The credit ratings of the Parent and Wells Fargo Bank, N.A. as of September 30, 2018, are presented in Table 36.

**Table 36: Credit Ratings as of September 30, 2018**

| | Wells Fargo & Company | | Wells Fargo Bank, N.A. | |
|---|---|---|---|---|
| | Senior debt | Short-term borrowings | Long-term deposits | Short-term borrowings |
| Moody's | A2 | P-1 | Aa1 | P-1 |
| S&P Global Ratings | A- | A-2 | A+ | A-1 |
| Fitch Ratings, Inc. | A+ | F1 | AA | F1+ |
| DBRS | AA(low) | R-1(middle) | AA | R-1(high) |

**FEDERAL HOME LOAN BANK MEMBERSHIP** The Federal Home Loan Banks (the FHLBs) are a group of cooperatives that lending institutions use to finance housing and economic development in local communities. We are a member of the FHLBs based in Dallas, Des Moines and San Francisco. Each member of the FHLBs is required to maintain a minimum investment in capital stock of the applicable FHLB. The board of directors of each FHLB can increase the minimum investment requirements in the event it has concluded that additional capital is required to allow it to meet its own regulatory capital requirements. Any increase in the minimum investment requirements outside of specified ranges requires the approval of the Federal Housing Finance Agency. Because the extent of any obligation to increase our investment in any of the FHLBs depends entirely upon the occurrence of a future event, potential future payments to the FHLBs are not determinable.

We have an active program for managing capital through a comprehensive process for assessing the Company's overall capital adequacy. Our objective is to maintain capital at an amount commensurate with our risk profile and risk tolerance objectives, and to meet both regulatory and market expectations. We primarily fund our capital needs through the retention of earnings net of both dividends and share repurchases, as well as through the issuance of preferred stock and long and short-term debt. Retained earnings increased $9.3 billion from December 31, 2017, predominantly from Wells Fargo net income of $16.3 billion, less common and preferred stock dividends of $7.1 billion. During third quarter 2018, we issued 9.0 million shares of common stock. During third quarter 2018, we repurchased 146.5 million shares of common stock in open market transactions and from employee benefit plans, at a cost of $8.4 billion. We entered into a $1 billion forward repurchase contract with an unrelated third party in October 2018 that is expected to settle in first quarter 2019 for approximately 19 million common shares. For additional information about our forward repurchase agreements, see Note 1 (Summary of Significant Accounting Policies) to Financial Statements in this Report.

On September 17, 2018, we redeemed all of our 8.00% Non-Cumulative Perpetual Class A Preferred Stock, Series J, at a redemption price equal to $1,000 per share.

**Regulatory Capital Guidelines**

The Company and each of our insured depository institutions are subject to various regulatory capital adequacy requirements administered by the FRB and the OCC. Risk-based capital (RBC) guidelines establish a risk-adjusted ratio relating capital to different categories of assets and off-balance sheet exposures as discussed below.

**RISK-BASED CAPITAL AND RISK-WEIGHTED ASSETS** The Company is subject to final and interim final rules issued by federal banking regulators to implement Basel III capital requirements for U.S. banking organizations. These rules are based on international guidelines for determining regulatory capital issued by the Basel Committee on Banking Supervision (BCBS). The federal banking regulators' capital rules, among other things, require on a fully phased-in basis:

- a minimum Common Equity Tier 1 (CET1) ratio of 9.0%, comprised of a 4.5% minimum requirement plus a capital conservation buffer of 2.5% and for us, as a global systemically important bank (G-SIB), a capital surcharge to be calculated annually, which is 2.0% based on our year-end 2016 data;
- a minimum tier 1 capital ratio of 10.5%, comprised of a 6.0% minimum requirement plus the capital conservation buffer of 2.5% and the G-SIB capital surcharge of 2.0%;
- a minimum total capital ratio of 12.5%, comprised of a 8.0% minimum requirement plus the capital conservation buffer of 2.5% and the G-SIB capital surcharge of 2.0%;
- a potential countercyclical buffer of up to 2.5% to be added to the minimum capital ratios, which is currently not in effect but could be imposed by regulators at their discretion if it is determined that a period of excessive credit growth is contributing to an increase in systemic risk;
- a minimum tier 1 leverage ratio of 4.0%; and
- a minimum supplementary leverage ratio (SLR) of 5.0% (comprised of a 3.0% minimum requirement plus a supplementary leverage buffer of 2.0%) for large and internationally active bank holding companies (BHCs).

We were required to comply with the final Basel III capital rules beginning January 2014, with certain provisions subject to phase-in periods. Beginning January 1, 2018, the requirements for calculating CET1 and tier 1 capital, along with RWAs, became fully phased-in. However, the requirements for calculating tier 2 and total capital are still in accordance with Transition Requirements. The entire Basel III capital rules are scheduled to be fully phased in by the end of 2021. The Basel III capital rules contain two frameworks for calculating capital requirements, a Standardized Approach, which replaced Basel I, and an Advanced Approach applicable to certain institutions, including Wells Fargo. Accordingly, in the assessment of our capital adequacy, we must report the lower of our CET1, tier 1 and total capital ratios calculated under the Standardized Approach and under the Advanced Approach.

On April 10, 2018, the FRB issued a proposed rule that would add a stress capital buffer and a stress leverage buffer to the minimum capital and tier 1 leverage ratio requirements. The buffers would be calculated based on the decrease in a financial institution's risk-based capital and tier 1 leverage ratios under the supervisory severely adverse scenario in CCAR, plus four quarters of planned common stock dividends. The stress capital buffer would replace the 2.5% capital conservation buffer under the Standardized Approach, whereas the stress leverage buffer would be added to the current 4% minimum tier 1 leverage ratio.

Because the Company has been designated as a G-SIB, we are also subject to the FRB's rule implementing the additional capital surcharge of between 1.0-4.5% on G-SIBs. Under the rule, we must annually calculate our surcharge under two methods and use the higher of the two surcharges. The first method (method one) considers our size, interconnectedness, cross-jurisdictional activity, substitutability, and complexity, consistent with the methodology developed by the BCBS and the Financial Stability Board (FSB). The second (method two) uses similar inputs, but replaces substitutability with use of short-term wholesale funding and will generally result in higher surcharges than the BCBS methodology. The phase-in period for the G-SIB surcharge began on January 1, 2016 and will become fully effective on January 1, 2019. Based on year-end 2016 data, our 2018 G-SIB surcharge under method two is 2.0% of the Company's RWAs, which is the higher of method one and method two. Because the G-SIB surcharge is calculated annually based on data that can differ over time, the amount of the surcharge is subject to change in future years. Under the Standardized Approach (fully phased-in), our CET1 ratio of 11.91% exceeded the minimum of 9.0% by 291 basis points at September 30, 2018.

The tables that follow provide information about our risk-based capital and related ratios as calculated under Basel III capital guidelines. For banking industry regulatory reporting purposes, we continue to report our tier 2 and total capital in accordance with Transition Requirements but are managing our capital based on a fully phased-in calculation. For information about our capital requirements calculated in accordance with Transition Requirements, see Note 22 (Regulatory and Agency Capital Requirements) to Financial Statements in this Report.

Table 37 summarizes our CET1, tier 1 capital, total capital, risk-weighted assets and capital ratios on a fully phased-in basis

at September 30, 2018 and December 31, 2017. As of September 30, 2018, our CET1, tier 1, and total capital ratios were lower using RWAs calculated under the Standardized Approach.

**Table 37: Capital Components and Ratios (Fully Phased-In) (1)**

| | | September 30, 2018 | | | December 31, 2017 | |
|---|---|---|---|---|---|---|
| (in millions, except ratios) | | **Advanced Approach** | **Standardized Approach** | | Advanced Approach | Standardized Approach |
| Common Equity Tier 1 | (A) | **$ 148,855** | **148,855** | | 154,022 | 154,022 |
| Tier 1 Capital | (B) | **170,342** | **170,342** | | 177,466 | 177,466 |
| Total Capital | (C) | **200,921** | **209,229** | | 208,395 | 218,159 |
| Risk-Weighted Assets | (D) | **1,189,464** | **1,250,215** | | 1,225,939 | 1,285,563 |
| Common Equity Tier 1 Capital Ratio | (A)/(D) | **12.51%** | **11.91** | * | 12.56 | 11.98 * |
| Tier 1 Capital Ratio | (B)/(D) | **14.32** | **13.63** | * | 14.48 | 13.80 * |
| Total Capital Ratio | (C)/(D) | **16.90** | **16.73** | * | 17.00 | 16.97 * |

*Denotes the lowest capital ratio as determined under the Advanced and Standardized Approaches.

(1) Beginning January 1, 2018, the requirements for calculating CET1 and tier 1 capital, along with RWAs, became fully phased-in. However, the requirements for calculating tier 2 and total capital are still in accordance with Transition Requirements. Accordingly, fully phased-in total capital amounts and ratios are considered non-GAAP financial measures that are used by management, bank regulatory agencies, investors and analysts to assess and monitor the Company's capital position. See Table 38 for information regarding the calculation and components of CET1, tier 1 capital, total capital and RWAs, as well as the corresponding reconciliation of our fully phased-in regulatory capital amounts to GAAP financial measures.

Table 38 provides information regarding the calculation and composition of our risk-based capital under the Advanced and Standardized Approaches at September 30, 2018 and December 31, 2017.

**Table 38: Risk-Based Capital Calculation and Components**

| (in millions) | | | September 30, 2018 | | December 31, 2017 | |
|---|---|---|---|---|---|---|
| | | | **Advanced Approach** | **Standardized Approach** | Advanced Approach | Standardized Approach |
| Total equity | | $ | **199,679** | **199,679** | 208,079 | 208,079 |
| Adjustments: | | | | | | |
| Preferred stock | | | **(23,482)** | **(23,482)** | (25,358) | (25,358) |
| Additional paid-in capital on ESOP preferred stock | | | **(105)** | **(105)** | (122) | (122) |
| Unearned ESOP shares | | | **1,780** | **1,780** | 1,678 | 1,678 |
| Noncontrolling interests | | | **(938)** | **(938)** | (1,143) | (1,143) |
| Total common stockholders' equity | | | **176,934** | **176,934** | 183,134 | 183,134 |
| Adjustments: | | | | | | |
| Goodwill | | | **(26,425)** | **(26,425)** | (26,587) | (26,587) |
| Certain identifiable intangible assets (other than MSRs) | | | **(826)** | **(826)** | (1,624) | (1,624) |
| Other assets (1) | | | **(2,121)** | **(2,121)** | (2,155) | (2,155) |
| Applicable deferred taxes (2) | | | **829** | **829** | 962 | 962 |
| Investment in certain subsidiaries and other | | | **464** | **464** | 292 | 292 |
| Common Equity Tier 1 (Fully Phased-In) | | | **148,855** | **148,855** | 154,022 | 154,022 |
| Effect of Transition Requirements (3) | | | **—** | **—** | 743 | 743 |
| Common Equity Tier 1 (Transition Requirements) | | $ | **148,855** | **148,855** | 154,765 | 154,765 |
| | | | | | | |
| Common Equity Tier 1 (Fully Phased-In) | | $ | **148,855** | **148,855** | 154,022 | 154,022 |
| Preferred stock | | | **23,482** | **23,482** | 25,358 | 25,358 |
| Additional paid-in capital on ESOP preferred stock | | | **105** | **105** | 122 | 122 |
| Unearned ESOP shares | | | **(1,780)** | **(1,780)** | (1,678) | (1,678) |
| Other | | | **(320)** | **(320)** | (358) | (358) |
| Total Tier 1 capital (Fully Phased-In) | (A) | | **170,342** | **170,342** | 177,466 | 177,466 |
| Effect of Transition Requirements (3) | | | **—** | **—** | 743 | 743 |
| Total Tier 1 capital (Transition Requirements) | | $ | **170,342** | **170,342** | 178,209 | 178,209 |
| | | | | | | |
| Total Tier 1 capital (Fully Phased-In) | | $ | **170,342** | **170,342** | 177,466 | 177,466 |
| Long-term debt and other instruments qualifying as Tier 2 | | | **28,097** | **28,097** | 28,994 | 28,994 |
| Qualifying allowance for credit losses (4) | | | **2,648** | **10,956** | 2,196 | 11,960 |
| Other | | | **(166)** | **(166)** | (261) | (261) |
| Total Tier 2 capital (Fully Phased-In) | (B) | | **30,579** | **38,887** | 30,929 | 40,693 |
| Effect of Transition Requirements | | | **695** | **695** | 1,195 | 1,195 |
| Total Tier 2 capital (Transition Requirements) | | $ | **31,274** | **39,582** | 32,124 | 41,888 |
| | | | | | | |
| Total qualifying capital (Fully Phased-In) | (A)+(B) | $ | **200,921** | **209,229** | 208,395 | 218,159 |
| Total Effect of Transition Requirements | | | **695** | **695** | 1,938 | 1,938 |
| Total qualifying capital (Transition Requirements) | | $ | **201,616** | **209,924** | 210,333 | 220,097 |
| | | | | | | |
| Risk-Weighted Assets (RWAs) (5)(6): | | | | | | |
| Credit risk | | $ | **825,336** | **1,205,475** | 890,171 | 1,249,395 |
| Market risk | | | **44,740** | **44,740** | 36,168 | 36,168 |
| Operational risk | | | **319,388** | **N/A** | 299,600 | N/A |
| Total RWAs (Fully Phased-In) (3) | | $ | **1,189,464** | **1,250,215** | 1,225,939 | 1,285,563 |

(1) Represents goodwill and other intangibles on nonmarketable equity securities, which are included in other assets.
(2) Applicable deferred taxes relate to goodwill and other intangible assets. They were determined by applying the combined federal statutory rate and composite state income tax rates to the difference between book and tax basis of the respective goodwill and intangible assets at period end.
(3) Beginning January 1, 2018, the requirements for calculating CET1 and tier 1 capital, along with RWAs, became fully phased-in, so the effect of the transition requirements was $0 at September 30, 2018.
(4) Under the Advanced Approach the allowance for credit losses that exceeds expected credit losses is eligible for inclusion in Tier 2 Capital, to the extent the excess allowance does not exceed 0.6% of Advanced credit RWAs, and under the Standardized Approach, the allowance for credit losses is includable in Tier 2 Capital up to 1.25% of Standardized credit RWAs, with any excess allowance for credit losses being deducted from total RWAs.
(5) RWAs calculated under the Advanced Approach utilize a risk-sensitive methodology, which relies upon the use of internal credit models based upon our experience with internal rating grades. Advanced Approach also includes an operational risk component, which reflects the risk of operating loss resulting from inadequate or failed internal processes or systems.
(6) Under the regulatory guidelines for risk-based capital, on-balance sheet assets and credit equivalent amounts of derivatives and off-balance sheet items are assigned to one of several broad risk categories according to the obligor, or, if relevant, the guarantor or the nature of any collateral. The aggregate dollar amount in each risk category is then multiplied by the risk weight associated with that category. The resulting weighted values from each of the risk categories are aggregated for determining total RWAs.

Table 39 presents the changes in Common Equity Tier 1 under the Advanced Approach for the nine months ended September 30, 2018.

**Table 39: Analysis of Changes in Common Equity Tier 1**

| (in millions) | | |
|---|---|---|
| Common Equity Tier 1 (Fully Phased-In) at December 31, 2017 | $ | 154,022 |
| Net income applicable to common stock | | 14,978 |
| Common stock dividends | | (5,873) |
| Common stock issued, repurchased, and stock compensation-related items | | (11,075) |
| Goodwill | | 162 |
| Certain identifiable intangible assets (other than MSRs) | | 798 |
| Other assets (1) | | 34 |
| Applicable deferred taxes (2) | | (133) |
| Investment in certain subsidiaries and other | | (4,058) |
| Change in Common Equity Tier 1 | | (5,167) |
| Common Equity Tier 1 (Fully Phased-In) at September 30, 2018 | $ | 148,855 |

(1) Represents goodwill and other intangibles on nonmarketable equity securities, which are included in other assets.
(2) Applicable deferred taxes relate to goodwill and other intangible assets. They were determined by applying the combined federal statutory rate and composite state income tax rates to the difference between book and tax basis of the respective goodwill and intangible assets at period end.

Table 40 presents net changes in the components of RWAs under the Advanced and Standardized Approaches for the nine months ended September 30, 2018.

**Table 40: Analysis of Changes in RWAs**

| (in millions) | | Advanced Approach | Standardized Approach |
|---|---|---|---|
| RWAs (Fully Phased-In) at December 31, 2017 | $ | 1,225,939 | 1,285,563 |
| Net change in credit risk RWAs | | (64,835) | (43,920) |
| Net change in market risk RWAs | | 8,572 | 8,572 |
| Net change in operational risk RWAs | | 19,788 | — |
| Total change in RWAs | | (36,475) | (35,348) |
| RWAs (Fully Phased-In) at September 30, 2018 | $ | 1,189,464 | 1,250,215 |

**TANGIBLE COMMON EQUITY** We also evaluate our business based on certain ratios that utilize tangible common equity. Tangible common equity is a non-GAAP financial measure and represents total equity less preferred equity, noncontrolling interests, and goodwill and certain identifiable intangible assets (including goodwill and intangible assets associated with certain of our nonmarketable equity securities, but excluding mortgage servicing rights), net of applicable deferred taxes. These tangible common equity ratios are as follows:

- Tangible book value per common share, which represents tangible common equity divided by common shares outstanding.
- Return on average tangible common equity (ROTCE), which represents our annualized earnings contribution as a percentage of tangible common equity.

The methodology of determining tangible common equity may differ among companies. Management believes that tangible book value per common share and return on average tangible common equity, which utilize tangible common equity, are useful financial measures because they enable investors and others to assess the Company's use of equity.

Table 41 provides a reconciliation of these non-GAAP financial measures to GAAP financial measures.

**Table 41: Tangible Common Equity**

| | | Balance at period end | | | Average balance | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | | Quarter ended | | | Quarter ended | | | Nine months ended | |
| (in millions, except ratios) | | **Sep 30, 2018** | Jun 30, 2018 | Sep 30, 2017 | **Sep 30, 2018** | Jun 30, 2018 | Sep 30, 2017 | **Sep 30, 2018** | Sep 30, 2017 |
| Total equity | | **$199,679** | 206,069 | 206,617 | **202,826** | 206,067 | 207,723 | **205,012** | 205,035 |
| Adjustments: | | | | | | | | | |
| Preferred stock | | **(23,482)** | (25,737) | (25,576) | **(24,219)** | (26,021) | (25,780) | **(25,459)** | (25,600) |
| Additional paid-in capital on ESOP preferred stock | | **(105)** | (116) | (130) | **(115)** | (129) | (136) | **(132)** | (142) |
| Unearned ESOP shares | | **1,780** | 2,051 | 1,904 | **2,026** | 2,348 | 2,114 | **2,292** | 2,226 |
| Noncontrolling interests | | **(938)** | (881) | (895) | **(892)** | (919) | (926) | **(936)** | (931) |
| Total common stockholders' equity | (A) | **176,934** | 181,386 | 181,920 | **179,626** | 181,346 | 182,995 | **180,777** | 180,588 |
| Adjustments: | | | | | | | | | |
| Goodwill | | **(26,425)** | (26,429) | (26,581) | **(26,429)** | (26,444) | (26,600) | **(26,463)** | (26,645) |
| Certain identifiable intangible assets (other than MSRs) | | **(826)** | (1,091) | (1,913) | **(958)** | (1,223) | (2,056) | **(1,221)** | (2,314) |
| Other assets (1) | | **(2,121)** | (2,160) | (2,282) | **(2,083)** | (2,271) | (2,231) | **(2,195)** | (2,163) |
| Applicable deferred taxes (2) | | **829** | 874 | 1,550 | **845** | 889 | 1,579 | **889** | 1,650 |
| Tangible common equity | (B) | **$148,391** | 152,580 | 152,694 | **151,001** | 152,297 | 153,687 | **151,787** | 151,116 |
| Common shares outstanding | (C) | **4,711.6** | 4,849.1 | 4,927.9 | **N/A** | N/A | N/A | **N/A** | N/A |
| Net income applicable to common stock (3) | (D) | **N/A** | N/A | N/A | **$ 5,453** | 4,792 | 4,131 | **14,978** | 14,814 |
| Book value per common share | (A)/(C) | **$ 37.55** | 37.41 | 36.92 | **N/A** | N/A | N/A | **N/A** | N/A |
| Tangible book value per common share | (B)/(C) | **31.49** | 31.47 | 30.99 | **N/A** | N/A | N/A | **N/A** | N/A |
| Return on average common stockholders' equity (ROE) (annualized) | (D)/(A) | **N/A** | N/A | N/A | **12.04%** | 10.60 | 8.96 | **11.08** | 10.97 |
| Return on average tangible common equity (ROTCE) (annualized) | (D)/(B) | **N/A** | N/A | N/A | **14.33** | 12.62 | 10.66 | **13.19** | 13.11 |

(1) Represents goodwill and other intangibles on nonmarketable equity securities, which are included in other assets.
(2) Applicable deferred taxes relate to goodwill and other intangible assets. They were determined by applying the combined federal statutory rate and composite state income tax rates to the difference between book and tax basis of the respective goodwill and intangible assets at period end.
(3) Quarter ended net income applicable to common stock is annualized for the respective ROE and ROTCE ratios.

**SUPPLEMENTARY LEVERAGE RATIO** In April 2014, federal banking regulators finalized a rule that enhances the SLR requirements for BHCs, like Wells Fargo, and their insured depository institutions. The SLR consists of Tier 1 capital divided by the Company's total leverage exposure. Total leverage exposure consists of the total average on-balance sheet assets, plus off-balance sheet exposures, such as undrawn commitments and derivative exposures, less amounts permitted to be deducted from Tier 1 capital. The rule, which became effective on January 1, 2018, requires a covered BHC to maintain a SLR of at least 5.0% (comprised of the 3.0% minimum requirement plus a supplementary leverage buffer of 2.0%) to avoid restrictions on capital distributions and discretionary bonus payments. The rule also requires that all of our insured depository institutions maintain a SLR of 6.0% under applicable regulatory capital adequacy guidelines. In April 2018, the FRB and OCC proposed rules (the "Proposed SLR Rules") that would replace the 2% supplementary leverage buffer with a buffer equal to one-half of the firm's G-SIB capital surcharge. The Proposed SLR Rules would similarly tailor the current 6% SLR requirement for our insured depository institutions. At September 30, 2018, our SLR for the Company was 7.8% calculated under the Advanced Approach capital framework. Based on our review, our current leverage levels would exceed the applicable requirements for each of our insured depository institutions as well. See Table 42 for information regarding the calculation and components of the SLR.

**Table 42: Supplementary Leverage Ratio**

| (in millions, except ratio) | | Quarter ended September 30, 2018 |
|---|---|---|
| **Tier 1 capital** | $ | 170,342 |
| Total average assets | | 1,876,283 |
| Less: deductions from Tier 1 capital (1) | | 28,983 |
| Total adjusted average assets | | 1,847,300 |
| Adjustments: | | |
| Derivative exposures (2) | | 69,619 |
| Repo-style transactions (3) | | 3,330 |
| Other off-balance sheet exposures (4) | | 253,371 |
| Total adjustments | | 326,320 |
| **Total leverage exposure** | $ | 2,173,620 |
| **Supplementary leverage ratio** | | 7.8% |

(1) Amounts permitted to be deducted from Tier 1 capital primarily include goodwill and other intangible assets, net of associated deferred tax liabilities.
(2) Represents adjustments for off balance sheet derivative exposures, and derivative collateral netting as defined for supplementary leverage ratio determination purposes.
(3) Adjustments for repo-style transactions represent counterparty credit risk for all repo-style transactions where Wells Fargo & Company is the principal (i.e., principal counterparty facing the client).
(4) Adjustments for other off-balance sheet exposures represent the notional amounts of all off-balance sheet exposures (excluding off balance sheet exposures associated with derivative and repo-style transactions) less the adjustments for conversion to credit equivalent amounts under the regulatory capital rule.

**OTHER REGULATORY CAPITAL MATTERS** In December 2016, the FRB finalized rules to address the amount of equity and unsecured long-term debt a U.S. G-SIB must hold to improve its resolvability and resiliency, often referred to as Total Loss Absorbing Capacity (TLAC). Under the rules, which become effective on January 1, 2019, U.S. G-SIBs will be required to have a minimum TLAC amount (consisting of CET1 capital and additional tier 1 capital issued directly by the top-tier or covered BHC plus eligible external long-term debt) equal to the greater of (i) 18% of RWAs and (ii) 7.5% of total leverage exposure (the denominator of the SLR calculation). Additionally, U.S. G-SIBs will be required to maintain (i) a TLAC buffer equal to 2.5% of RWAs plus the firm's applicable G-SIB capital surcharge calculated under method one plus any applicable countercyclical buffer that will be added to the 18% minimum and (ii) an external TLAC leverage buffer equal to 2.0% of total leverage exposure that will be added to the 7.5% minimum, in order to avoid restrictions on capital distributions and discretionary bonus payments. The rules will also require U.S. G-SIBs to have a minimum amount of eligible unsecured long-term debt equal to the greater of (i) 6.0% of RWAs plus the firm's applicable G-SIB capital surcharge calculated under method two and (ii) 4.5% of the total leverage exposure. In addition, the rules will impose certain restrictions on the operations and liabilities of the top-tier or covered BHC in order to further facilitate an orderly resolution, including prohibitions on the issuance of short-term debt to external investors and on entering into derivatives and certain other types of financial contracts with external counterparties. While the rules permit permanent grandfathering of a significant portion of otherwise ineligible long-term debt that was issued prior to December 31, 2016, long-term debt issued after that date must be fully compliant with the eligibility requirements of the rules in order to count toward the minimum TLAC amount. As a result of the rules, we will need to issue additional long-term debt to remain compliant with the requirements. Under the Proposed SLR Rules, the 2% external TLAC leverage buffer would be replaced with a buffer equal to one-half of the firm's G-SIB capital surcharge. Additionally, the Proposed SLR Rules would modify the leverage component for calculating the minimum amount of eligible unsecured long-term debt from 4.5% of total leverage exposure to 2.5% of total leverage exposure plus one-half of the firm's G-SIB capital surcharge. As of September 30, 2018, we estimate that our eligible external TLAC as a percentage of total risk-weighted assets was 23.50% compared with an expected January 1, 2019 required minimum of 22.0%. Similar to the risk-based capital requirements, we determine minimum required TLAC based on the greater of RWAs determined under the Standardized and Advanced approaches.

In addition, as discussed in the "Risk Management – Asset/Liability Management – Liquidity and Funding – Liquidity Standards" section in this Report, federal banking regulators have issued a final rule regarding the U.S. implementation of the Basel III LCR and a proposed rule regarding the NSFR.

### Capital Planning and Stress Testing

Our planned long-term capital structure is designed to meet regulatory and market expectations. We believe that our long-term targeted capital structure enables us to invest in and grow our business, satisfy our customers' financial needs in varying environments, access markets, and maintain flexibility to return capital to our shareholders. Our long-term targeted capital structure also considers capital levels sufficient to exceed capital requirements including the G-SIB surcharge. Accordingly, based on the final Basel III capital rules under the lower of the Standardized or Advanced Approaches CET1 capital ratios, we currently target a long-term CET1 capital ratio at or in excess of 10%, which includes a 2% G-SIB surcharge. Our capital targets are subject to change based on various factors, including changes to the regulatory capital framework and expectations for large banks promulgated by bank regulatory agencies, planned capital actions, changes in our risk profile and other factors.

Under the FRB's capital plan rule, large BHCs are required to submit capital plans annually for review to determine if the FRB has any objections before making any capital distributions. The

rule requires updates to capital plans in the event of material changes in a BHC's risk profile, including as a result of any significant acquisitions. The FRB assesses the overall financial condition, risk profile, and capital adequacy of BHCs while considering both quantitative and qualitative factors when evaluating capital plans.

Our 2018 capital plan, which was submitted on April 4, 2018, as part of CCAR, included a comprehensive capital outlook supported by an assessment of expected sources and uses of capital over a given planning horizon under a range of expected and stress scenarios. As part of the 2018 CCAR, the FRB also generated a supervisory stress test, which assumed a sharp decline in the economy and significant decline in asset pricing using the information provided by the Company to estimate performance. The FRB reviewed the supervisory stress results both as required under the Dodd-Frank Act using a common set of capital actions for all large BHCs and by taking into account the Company's proposed capital actions. The FRB published its supervisory stress test results as required under the Dodd-Frank Act on June 21, 2018. On June 28, 2018, the FRB notified us that it did not object to our capital plan included in the 2018 CCAR.

Federal banking regulators require stress tests to evaluate whether an institution has sufficient capital to continue to operate during periods of adverse economic and financial conditions. These stress testing requirements set forth the timing and type of stress test activities large BHCs and banks must undertake as well as rules governing stress testing controls, oversight and disclosure requirements. The rules also limit a large BHC's ability to make capital distributions to the extent its actual capital issuances were less than amounts indicated in its capital plan. As required under the FRB's stress testing rule, we must submit a mid-cycle stress test based on second quarter data and scenarios developed by the Company. We submitted the results of the mid-cycle stress test to the FRB and disclosed a summary of the results in October 2018. In October 2018, the FRB proposed a rule that would, among other things, eliminate the mid-cycle stress test requirement for banks beginning in 2020.

**Securities Repurchases**

From time to time the Board authorizes the Company to repurchase shares of our common stock. Although we announce when the Board authorizes share repurchases, we typically do not give any public notice before we repurchase our shares. Future stock repurchases may be private or open-market repurchases, including block transactions, accelerated or delayed block transactions, forward transactions, and similar transactions. Additionally, we may enter into plans to purchase stock that satisfy the conditions of Rule 10b5-1 of the Securities Exchange Act of 1934. Various factors determine the amount and timing of our share repurchases, including our capital requirements, the number of shares we expect to issue for employee benefit plans and acquisitions, market conditions (including the trading price of our stock), and regulatory and legal considerations, including the FRB's response to our capital plan and to changes in our risk profile.

In January 2018, the Board authorized the repurchase of 350 million shares of our common stock. At September 30, 2018, we had remaining authority to repurchase approximately 188 million shares, subject to regulatory and legal conditions. In October 2018, the Board authorized the repurchase of an additional 350 million shares of our common stock. For more information about share repurchases during third quarter 2018, see Part II, Item 2 in this Report.

Historically, our policy has been to repurchase shares under the "safe harbor" conditions of Rule 10b-18 of the Securities Exchange Act of 1934 including a limitation on the daily volume of repurchases. Rule 10b-18 imposes an additional daily volume limitation on share repurchases during a pending merger or acquisition in which shares of our stock will constitute some or all of the consideration. Our management may determine that during a pending stock merger or acquisition when the safe harbor would otherwise be available, it is in our best interest to repurchase shares in excess of this additional daily volume limitation. In such cases, we intend to repurchase shares in compliance with the other conditions of the safe harbor, including the standing daily volume limitation that applies whether or not there is a pending stock merger or acquisition.

In connection with our participation in the Capital Purchase Program (CPP), a part of the Troubled Asset Relief Program (TARP), we issued to the U.S. Treasury Department warrants to purchase 110,261,688 shares of our common stock with an original exercise price of $34.01 per share. The Board authorized the repurchase by the Company of up to $1 billion of the warrants. At September 30, 2018, there were 11,071,127 warrants outstanding, exercisable at an adjusted exercise price of $33.592 per share, and $452 million of unused warrant repurchase authority. Because the original expiration date was not a business day, the warrants expired on October 29, 2018. As of the close of business on October 29, 2018, 110,646 unexercised warrants expired, and the holders of the unexercised warrants are no longer entitled to receive any shares of our common stock.

## Regulatory Matters

Since the enactment of the Dodd-Frank Act in 2010, the U.S. financial services industry has been subject to a significant increase in regulation and regulatory oversight initiatives. This increased regulation and oversight has substantially changed how most U.S. financial services companies conduct business and has increased their regulatory compliance costs.

The following supplements our discussion of the significant regulations and regulatory oversight initiatives that have affected or may affect our business contained in the "Regulatory Matters" and "Risk Factors" sections in our 2017 Form 10-K and the "Regulatory Matters" section in our 2018 First and Second Quarter Reports on Form 10-Q.

**CONSENT ORDERS WITH THE BCFP AND OCC REGARDING COMPLIANCE RISK MANAGEMENT PROGRAM, AUTOMOBILE COLLATERAL PROTECTION INSURANCE POLICIES, AND MORTGAGE INTEREST RATE LOCK EXTENSIONS** On April 20, 2018, the Company entered into consent orders with the BCFP and OCC to pay an aggregate of $1 billion in civil money penalties to resolve matters regarding the Company's compliance risk management program and past practices involving certain automobile collateral protection insurance policies and certain mortgage interest rate lock extensions. As required by the consent orders, the Company submitted to the BCFP and OCC an enterprise-wide compliance risk management plan and a plan to enhance the Company's internal audit program with respect to federal consumer financial law and the terms of the consent orders. In addition, as required by the consent orders, the Company submitted for non-objection plans to remediate customers affected by the automobile collateral protection insurance and mortgage interest rate lock matters, as well as a plan for the management of remediation activities conducted by the Company.

## Critical Accounting Policies

Our significant accounting policies (see Note 1 (Summary of Significant Accounting Policies) to Financial Statements in our 2017 Form 10-K) are fundamental to understanding our results of operations and financial condition because they require that we use estimates and assumptions that may affect the value of our assets or liabilities and financial results. Five of these policies are critical because they require management to make difficult, subjective and complex judgments about matters that are inherently uncertain and because it is likely that materially different amounts would be reported under different conditions or using different assumptions. These policies govern:

- the allowance for credit losses;
- the valuation of residential MSRs;
- the fair value of financial instruments;
- income taxes; and
- liability for contingent litigation losses.

Management and the Board's Audit and Examination Committee have reviewed and approved these critical accounting policies. These policies are described further in the “Financial Review – Critical Accounting Policies” section and Note 1 (Summary of Significant Accounting Policies) to Financial Statements in our 2017 Form 10-K.

## Current Accounting Developments

Table 43 provides the significant accounting updates applicable to us that have been issued by the FASB but are not yet effective.

**Table 43: Current Accounting Developments – Issued Standards**

| Standard | Description | Effective date and financial statement impact |
|---|---|---|
| Accounting Standard Update (ASU or Update) 2018-16 - Derivatives and Hedging (Topic 815): *Inclusion of the Secured Overnight Financing Rate (SOFR) Overnight Index Swap (OIS) Rate as a Benchmark Interest Rate for Hedge Accounting Purposes* | The Update expands the list of U.S. benchmark interest rates permitted in the application of hedge accounting. The Update adds the OIS rate based on SOFR as a U.S. benchmark interest rate to facilitate the LIBOR to SOFR transition and provide sufficient lead time for entities to prepare for changes to interest rate risk hedging strategies for both risk management and hedge accounting purposes. | The guidance is effective in first quarter 2019. The standard will have no impact upon adoption, but will once the market for SOFR derivatives develops over time and is used to hedge the Company's fixed-rate financial instruments and forecasted issuances or purchases of fixed-rate financial instruments. |
| ASU 2018-12 – Financial Services – Insurance (Topic 944): *Targeted Improvements to the Accounting for Long-Duration Contracts* | The Update requires all features in long-duration insurance contracts that meet the definition of a market risk benefit to be measured at fair value through earnings with changes in fair value attributable to own credit risk recognized in other comprehensive income. Currently, two measurement models exist for these features, fair value and insurance accrual. The Update requires the use of a standardized discount rate and routine updates for insurance assumptions used in valuing the liability for future policy benefits for traditional long-duration contracts. The Update also simplifies the amortization of deferred acquisition costs. | The guidance is effective on January 1, 2021. Certain of our variable annuity reinsurance products meet the definition of market risk benefits and will be measured at fair value as of the earliest period presented. The cumulative effect of changes in own credit risk will be recognized in the beginning balance of accumulated other comprehensive income. The cumulative effect of the difference between fair value and carrying value, excluding the effect of own credit, will be recognized in the opening balance of retained earnings. Changes to the liability for future policy benefits for traditional long-duration contracts and deferred acquisition costs will be applied to all outstanding contracts on the basis of their existing carrying amounts at the beginning of the earliest period presented. The impact of the Update on our consolidated financial statements is still being evaluated. |
| ASU 2017-08 – Receivables – Nonrefundable Fees and Other Costs (Subtopic 310-20): *Premium Amortization on Purchased Callable Debt Securities* | The Update changes the accounting for certain purchased callable debt securities held at a premium to shorten the amortization period for the premium to the earliest call date rather than to the maturity date. Accounting for purchased callable debt securities held at a discount does not change. The discount would continue to amortize to the maturity date. | We expect to adopt the guidance in first quarter 2019 using the modified retrospective method with a cumulative-effect adjustment to retained earnings as of the beginning of the year of adoption. Our debt securities portfolio includes holdings of available-for-sale (AFS) and held-to-maturity (HTM) callable debt securities held at a premium, which primarily consist of obligations of U.S. states and political subdivisions. At adoption, based upon our current portfolio composition, the guidance is expected to result in a cumulative effect reduction to retained earnings estimated to range from $500 to 600 million, which will be primarily offset with a corresponding increase to other comprehensive income related to AFS securities. The impact of the Update on our consolidated financial statements will be affected by our portfolio composition at the time of adoption, which may change between the most recent balance sheet date and the adoption date, as well as the finalization of necessary system enhancements. After adoption, the guidance will reduce interest income prior to the call date because the premium will be amortized over a shorter time period. |
| ASU 2016-13 – Financial Instruments – Credit Losses (Topic 326): *Measurement of Credit Losses on Financial Instruments* | The Update changes the accounting for credit losses on loans and debt securities. For loans and held-to-maturity debt securities, the Update requires a current expected credit loss (CECL) approach to determine the allowance for credit losses. CECL requires loss estimates for the remaining estimated life of the financial asset using historical experience, current conditions, and reasonable and supportable forecasts. Also, the Update eliminates the existing guidance for PCI loans, but requires an allowance for purchased financial assets with more than insignificant deterioration since origination. In addition, the Update modifies the other-than-temporary impairment model for available-for-sale debt securities to require an allowance for credit impairment instead of a direct write-down, which allows for reversal of credit impairments in future periods based on improvements in credit. | The guidance is effective in first quarter 2020 with a cumulative-effect adjustment to retained earnings as of the beginning of the year of adoption. While early adoption is permitted beginning in first quarter 2019, we do not expect to elect that option. We are evaluating the impact of the Update on our consolidated financial statements, including the development and implementation of models to estimate losses. We expect the Update will result in an increase in the allowance for credit losses with an expected increase for longer duration consumer portfolios such as real estate 1-4 family mortgage loans and an expected decrease for commercial loans given short contractual maturities with conditional renewal options. In addition, we will be required to recognize an allowance for debt securities. The amount of the expected increase will be affected by the portfolio composition and credit quality at the adoption date as well as economic conditions and forecasts at that time. |

| Standard | Description | Effective date and financial statement impact |
|---|---|---|
| ASU 2016-02 – Leases (Topic 842) | The Update requires lessees to recognize operating leases on the balance sheet with lease liabilities and related right-of-use assets based on the present value of future lease payments. Lessor accounting activities are largely unchanged from existing lease accounting. The Update also eliminates leveraged lease accounting but allows existing leveraged leases to continue their current accounting until maturity, termination or modification. | We expect to adopt the guidance in first quarter 2019 using the optional transition method without restating 2018 and 2017 financial statements with comparable amounts. At adoption, we expect to have a cumulative effect adjustment of approximately $140 million to increase retained earnings related to deferred gains on our prior sale-leaseback transactions. The calculation of our operating lease right-of-use assets and liabilities, for approximately 7,000 leases, are expected to be $5 billion and $5.6 billion, respectively, and will continue to be refined as we complete our implementation process. We do not expect material changes to the timing of expense recognition on our operating leases or the recognition and measurement of our lessor accounting. While the increase to our consolidated total assets related to operating lease right-of-use assets will increase our risk-weighted assets and decrease our capital ratios, we do not expect these changes to be material. |

In addition to the list above, the following Updates are applicable to us but are not expected to have a material impact on our consolidated financial statements:

- ASU 2018-15 – Intangibles – Goodwill and Other – Internal-Use Software (Subtopic 350-40): *Customer's Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement That Is a Service Contract (a consensus of the FASB Emerging Issues Task Force)*
- ASU 2018-14 – Compensation – Retirement Benefits – Defined Benefit Plans—General (Subtopic 715-20): *Disclosure Framework – Changes to the Disclosure Requirements for Defined Benefit Plans*
- ASU 2018-13 – Fair Value Measurement (Topic 820): *Disclosure Framework – Changes to the Disclosure Requirements for Fair Value Measurement*
- ASU 2018-09 – Codification Improvements
- ASU 2017-04 – Intangibles – Goodwill and Other (Topic 350): *Simplifying the Test for Goodwill Impairment*

## Forward-Looking Statements

This document contains "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. In addition, we may make forward-looking statements in our other documents filed or furnished with the SEC, and our management may make forward-looking statements orally to analysts, investors, representatives of the media and others. Forward-looking statements can be identified by words such as "anticipates," "intends," "plans," "seeks," "believes," "estimates," "expects," "target," "projects," "outlook," "forecast," "will," "may," "could," "should," "can" and similar references to future periods. In particular, forward-looking statements include, but are not limited to, statements we make about: (i) the future operating or financial performance of the Company, including our outlook for future growth; (ii) our noninterest expense and efficiency ratio; (iii) future credit quality and performance, including our expectations regarding future loan losses and allowance levels; (iv) the appropriateness of the allowance for credit losses; (v) our expectations regarding net interest income and net interest margin; (vi) loan growth or the reduction or mitigation of risk in our loan portfolios; (vii) future capital or liquidity levels or targets and our estimated Common Equity Tier 1 ratio under Basel III capital standards; (viii) the performance of our mortgage business and any related exposures; (ix) the expected outcome and impact of legal, regulatory and legislative developments, as well as our expectations regarding compliance therewith; (x) future common stock dividends, common share repurchases and other uses of capital; (xi) our targeted range for return on assets, return on equity, and return on tangible common equity; (xii) the outcome of contingencies, such as legal proceedings; and (xiii) the Company's plans, objectives and strategies.

Forward-looking statements are not based on historical facts but instead represent our current expectations and assumptions regarding our business, the economy and other future conditions. Because forward-looking statements relate to the future, they are subject to inherent uncertainties, risks and changes in circumstances that are difficult to predict. Our actual results may differ materially from those contemplated by the forward-looking statements. We caution you, therefore, against relying on any of these forward-looking statements. They are neither statements of historical fact nor guarantees or assurances of future performance. While there is no assurance that any list of risks and uncertainties or risk factors is complete, important factors that could cause actual results to differ materially from those in the forward-looking statements include the following, without limitation:

- current and future economic and market conditions, including the effects of declines in housing prices, high unemployment rates, U.S. fiscal debt, budget and tax matters (including the impact of the Tax Cuts & Jobs Act), geopolitical matters, and any slowdown in global economic growth;
- our capital and liquidity requirements (including under regulatory capital standards, such as the Basel III capital standards) and our ability to generate capital internally or raise capital on favorable terms;
- financial services reform and other current, pending or future legislation or regulation that could have a negative effect on our revenue and businesses, including the Dodd-Frank Act and other legislation and regulation relating to bank products and services;
- the extent of our success in our loan modification efforts, as well as the effects of regulatory requirements or guidance regarding loan modifications;
- the amount of mortgage loan repurchase demands that we receive and our ability to satisfy any such demands without having to repurchase loans related thereto or otherwise

indemnify or reimburse third parties, and the credit quality of or losses on such repurchased mortgage loans;
- negative effects relating to our mortgage servicing and foreclosure practices, as well as changes in industry standards or practices, regulatory or judicial requirements, penalties or fines, increased servicing and other costs or obligations, including loan modification requirements, or delays or moratoriums on foreclosures;
- our ability to realize any efficiency ratio or expense target as part of our expense management initiatives, including as a result of business and economic cyclicality, seasonality, changes in our business composition and operating environment, growth in our businesses and/or acquisitions, and unexpected expenses relating to, among other things, litigation and regulatory matters;
- the effect of the current interest rate environment or changes in interest rates on our net interest income, net interest margin and our mortgage originations, mortgage servicing rights and mortgage loans held for sale;
- significant turbulence or a disruption in the capital or financial markets, which could result in, among other things, reduced investor demand for mortgage loans, a reduction in the availability of funding or increased funding costs, and declines in asset values and/or recognition of other-than-temporary impairment on securities held in our debt securities and equity securities portfolios;
- the effect of a fall in stock market prices on our investment banking business and our fee income from our brokerage, asset and wealth management businesses;
- negative effects from the retail banking sales practices matter and from other instances where customers may have experienced financial harm, including on our legal, operational and compliance costs, our ability to engage in certain business activities or offer certain products or services, our ability to keep and attract customers, our ability to attract and retain qualified team members, and our reputation;
- resolution of regulatory matters, litigation, or other legal actions, which may result in, among other things, additional costs, fines, penalties, restrictions on our business activities, reputational harm, or other adverse consequences;
- a failure in or breach of our operational or security systems or infrastructure, or those of our third party vendors or other service providers, including as a result of cyber attacks;
- the effect of changes in the level of checking or savings account deposits on our funding costs and net interest margin;
- fiscal and monetary policies of the Federal Reserve Board; and
- the other risk factors and uncertainties described under "Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2017.

In addition to the above factors, we also caution that the amount and timing of any future common stock dividends or repurchases will depend on the earnings, cash requirements and financial condition of the Company, market conditions, capital requirements (including under Basel capital standards), common stock issuance requirements, applicable law and regulations (including federal securities laws and federal banking regulations), and other factors deemed relevant by the Company's Board of Directors, and may be subject to regulatory approval or conditions.

For more information about factors that could cause actual results to differ materially from our expectations, refer to our reports filed with the Securities and Exchange Commission, including the discussion under "Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2017, as filed with the Securities and Exchange Commission and available on its website at www.sec.gov.

Any forward-looking statement made by us speaks only as of the date on which it is made. Factors or events that could cause our actual results to differ may emerge from time to time, and it is not possible for us to predict all of them. We undertake no obligation to publicly update any forward-looking statement, whether as a result of new information, future developments or otherwise, except as may be required by law.

Forward-looking Non-GAAP Financial Measures. From time to time management may discuss forward-looking non-GAAP financial measures, such as forward-looking estimates or targets for return on average tangible common equity. We are unable to provide a reconciliation of forward-looking non-GAAP financial measures to their most directly comparable GAAP financial measures because we are unable to provide, without unreasonable effort, a meaningful or accurate calculation or estimation of amounts that would be necessary for the reconciliation due to the complexity and inherent difficulty in forecasting and quantifying future amounts or when they may occur. Such unavailable information could be significant to future results.

## Risk Factors

An investment in the Company involves risk, including the possibility that the value of the investment could fall substantially and that dividends or other distributions on the investment could be reduced or eliminated. For a discussion of risk factors that could adversely affect our financial results and condition, and the value of, and return on, an investment in the Company, we refer you to the "Risk Factors" section in our 2017 Form 10-K.

# Controls and Procedures

## Disclosure Controls and Procedures

The Company's management evaluated the effectiveness, as of September 30, 2018, of the Company's disclosure controls and procedures. The Company's chief executive officer and chief financial officer participated in the evaluation. Based on this evaluation, the Company's chief executive officer and chief financial officer concluded that the Company's disclosure controls and procedures were effective as of September 30, 2018.

## Internal Control Over Financial Reporting

Internal control over financial reporting is defined in Rule 13a-15(f) promulgated under the Securities Exchange Act of 1934 as a process designed by, or under the supervision of, the Company's principal executive and principal financial officers and effected by the Company's Board, management and other personnel, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with U.S. generally accepted accounting principles (GAAP) and includes those policies and procedures that:

- pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of assets of the Company;
- provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with GAAP, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and
- provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate. No change occurred during third quarter 2018 that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

Wells Fargo & Company and Subsidiaries

**Consolidated Statement of Income (Unaudited)**

| (in millions, except per share amounts) | Quarter ended September 30, 2018 | Quarter ended September 30, 2017 | Nine months ended September 30, 2018 | Nine months ended September 30, 2017 |
|---|---|---|---|---|
| **Interest income** | | | | |
| Debt securities (1)(2) | **$ 3,595** | 3,253 | **$ 10,603** | 9,652 |
| Mortgage loans held for sale (2) | **210** | 217 | **587** | 590 |
| Loans held for sale (1) | **35** | 15 | **107** | 38 |
| Loans | **11,116** | 10,522 | **32,607** | 31,021 |
| Equity securities (1) | **280** | 186 | **732** | 560 |
| Other interest income (1) | **1,128** | 851 | **3,090** | 2,090 |
| Total interest income (2) | **16,364** | 15,044 | **47,726** | 43,951 |
| **Interest expense** | | | | |
| Deposits (2) | **1,499** | 869 | **3,857** | 2,082 |
| Short-term borrowings | **462** | 226 | **1,171** | 503 |
| Long-term debt (2) | **1,667** | 1,391 | **4,901** | 3,813 |
| Other interest expense | **164** | 109 | **446** | 309 |
| Total interest expense (2) | **3,792** | 2,595 | **10,375** | 6,707 |
| **Net interest income (2)** | **12,572** | 12,449 | **37,351** | 37,244 |
| Provision for credit losses | **580** | 717 | **1,223** | 1,877 |
| Net interest income after provision for credit losses | **11,992** | 11,732 | **36,128** | 35,367 |
| **Noninterest income** | | | | |
| Service charges on deposit accounts | **1,204** | 1,276 | **3,540** | 3,865 |
| Trust and investment fees | **3,631** | 3,609 | **10,989** | 10,808 |
| Card fees | **1,017** | 1,000 | **2,926** | 2,964 |
| Other fees | **850** | 877 | **2,496** | 2,644 |
| Mortgage banking | **846** | 1,046 | **2,550** | 3,422 |
| Insurance | **104** | 269 | **320** | 826 |
| Net gains from trading activities (1) | **158** | 120 | **592** | 543 |
| Net gains on debt securities (3) | **57** | 166 | **99** | 322 |
| Net gains from equity securities (1)(4) | **416** | 363 | **1,494** | 1,207 |
| Lease income | **453** | 475 | **1,351** | 1,449 |
| Other (2) | **633** | 199 | **1,720** | 1,045 |
| Total noninterest income (2) | **9,369** | 9,400 | **28,077** | 29,095 |
| **Noninterest expense** | | | | |
| Salaries | **4,461** | 4,356 | **13,289** | 12,960 |
| Commission and incentive compensation | **2,427** | 2,553 | **7,837** | 7,777 |
| Employee benefits | **1,377** | 1,279 | **4,220** | 4,273 |
| Equipment | **634** | 523 | **1,801** | 1,629 |
| Net occupancy | **718** | 716 | **2,153** | 2,134 |
| Core deposit and other intangibles | **264** | 288 | **794** | 864 |
| FDIC and other deposit assessments | **336** | 314 | **957** | 975 |
| Other | **3,546** | 4,322 | **11,736** | 11,072 |
| Total noninterest expense | **13,763** | 14,351 | **42,787** | 41,684 |
| **Income before income tax expense (2)** | **7,598** | 6,781 | **21,418** | 22,778 |
| Income tax expense (2) | **1,512** | 2,181 | **4,696** | 6,559 |
| **Net income before noncontrolling interests (2)** | **6,086** | 4,600 | **16,722** | 16,219 |
| Less: Net income from noncontrolling interests | **79** | 58 | **393** | 187 |
| **Wells Fargo net income (2)** | **$ 6,007** | 4,542 | **$ 16,329** | 16,032 |
| Less: Preferred stock dividends and other | **554** | 411 | **1,351** | 1,218 |
| **Wells Fargo net income applicable to common stock (2)** | **$ 5,453** | 4,131 | **$ 14,978** | 14,814 |
| **Per share information** | | | | |
| Earnings per common share (2) | **$ 1.14** | 0.83 | **$ 3.09** | 2.97 |
| Diluted earnings per common share (2) | **1.13** | 0.83 | **3.07** | 2.94 |
| **Average common shares outstanding** | **4,784.0** | 4,948.6 | **4,844.8** | 4,982.1 |
| **Diluted average common shares outstanding** | **4,823.2** | 4,996.8 | **4,885.0** | 5,035.4 |

(1) Financial information for the prior periods has been revised to reflect the impact of the adoption in first quarter 2018 of Accounting Standards Update (ASU) 2016-01 – Financial Instruments – Overall (Subtopic 825-10): *Recognition and Measurement of Financial Assets and Financial Liabilities*. See Note 1 (Summary of Significant Accounting Policies) for more information.

(2) Financial information for the prior period has been revised to reflect the impact of the adoption of ASU 2017-12 – Derivatives and Hedging (Topic 815): *Targeted Improvements to Accounting for Hedging Activities,* effective January 1, 2017.

(3) Total other-than-temporary impairment (OTTI) losses (reversal of losses) were $0 million and $5 million for third quarter 2018 and 2017, respectively. Of total OTTI, losses of $5 million and $7 million were recognized in earnings, and losses (reversal of losses) of $(5) million and $(2) million were recognized as non-credit-related OTTI in other comprehensive income for third quarter 2018 and 2017, respectively. Total OTTI losses were $14 million and $54 million for the first nine months of 2018 and 2017, respectively. Of total OTTI, losses of $23 million and $107 million were recognized in earnings, and losses (reversal of losses) of $(9) million and $(53) million were recognized as non-credit-related OTTI in other comprehensive income for the first nine months of 2018 and 2017, respectively.

(4) Includes OTTI losses of $45 million and $84 million for third quarter 2018 and 2017, respectively, and $302 million and $186 million for the first nine months of 2018 and 2017, respectively.

The accompanying notes are an integral part of these statements.

Wells Fargo & Company and Subsidiaries

**Consolidated Statement of Comprehensive Income (Unaudited)**

| (in millions) | Quarter ended September 30, | | Nine months ended September 30, | |
|---|---|---|---|---|
| | **2018** | 2017 | **2018** | 2017 |
| Wells Fargo net income (1) | **$ 6,007** | 4,542 | **16,329** | 16,032 |
| Other comprehensive income (loss), before tax: | | | | |
| Debt securities (2): | | | | |
| Net unrealized gains (losses) arising during the period | **(1,468)** | 891 | **(5,528)** | 2,825 |
| Reclassification of net (gains) losses to net income | **51** | (200) | **168** | (522) |
| Derivatives and hedging activities (1): | | | | |
| Net unrealized gains (losses) arising during the period | **(24)** | 104 | **(416)** | 18 |
| Reclassification of net (gains) losses to net income | **79** | (105) | **216** | (460) |
| Defined benefit plans adjustments: | | | | |
| Net actuarial and prior service gains arising during the period | **—** | 11 | **6** | 4 |
| Amortization of net actuarial loss, settlements and other to net income | **29** | 41 | **90** | 120 |
| Foreign currency translation adjustments: | | | | |
| Net unrealized gains (losses) arising during the period | **(9)** | 39 | **(94)** | 86 |
| **Other comprehensive income (loss), before tax (1)** | **(1,342)** | 781 | **(5,558)** | 2,071 |
| Income tax (expense) benefit related to other comprehensive income (1) | **330** | (289) | **1,346** | (753) |
| **Other comprehensive income (loss), net of tax (1)** | **(1,012)** | 492 | **(4,212)** | 1,318 |
| Less: Other comprehensive loss from noncontrolling interests | **—** | (34) | **(1)** | (29) |
| **Wells Fargo other comprehensive income (loss), net of tax (1)** | **(1,012)** | 526 | **(4,211)** | 1,347 |
| **Wells Fargo comprehensive income (1)** | **4,995** | 5,068 | **12,118** | 17,379 |
| Comprehensive income from noncontrolling interests | **79** | 24 | **392** | 158 |
| **Total comprehensive income (1)** | **$ 5,074** | 5,092 | **12,510** | 17,537 |

(1) Financial information for the prior period has been revised to reflect the impact of the adoption of ASU 2017-12 – Derivatives and Hedging (Topic 815): *Targeted Improvements to Accounting for Hedging Activities,* effective January 1, 2017.

(2) The quarter and nine months ended September 30, 2017, includes net unrealized gains (losses) arising during the period from equity securities of $(13) million and $113 million and reclassification of net (gains) losses to net income related to equity securities of $(106) million and $(323) million, respectively. With the adoption in first quarter 2018 of ASU 2016-01, the quarter and nine months ended September 30, 2018, reflects net unrealized gains (losses) arising during the period and reclassification of net (gains) losses to net income from only debt securities.

The accompanying notes are an integral part of these statements.

Wells Fargo & Company and Subsidiaries

**Consolidated Balance Sheet**

| (in millions, except shares) | Sep 30, 2018 | Dec 31, 2017 |
|---|---|---|
| **Assets** | **(Unaudited)** | |
| Cash and due from banks | **$ 18,791** | 23,367 |
| Interest-earning deposits with banks (1) | **140,732** | 192,580 |
| Total cash, cash equivalents, and restricted cash (1) | **159,523** | 215,947 |
| Federal funds sold and securities purchased under resale agreements (1) | **83,471** | 80,025 |
| Debt securities: | | |
| Trading, at fair value (2) | **65,188** | 57,624 |
| Available-for-sale, at fair value (2) | **262,964** | 276,407 |
| Held-to-maturity, at cost (fair value $139,036 and $138,985) | **144,131** | 139,335 |
| Mortgage loans held for sale (includes $13,885 and $16,116 carried at fair value) (3) | **19,225** | 20,070 |
| Loans held for sale (includes $1,266 and $1,023 carried at fair value) (2) | **1,765** | 1,131 |
| Loans (includes $286 and $376 carried at fair value) (3) | **942,300** | 956,770 |
| Allowance for loan losses | **(10,021)** | (11,004) |
| Net loans | **932,279** | 945,766 |
| Mortgage servicing rights: | | |
| Measured at fair value | **15,980** | 13,625 |
| Amortized | **1,414** | 1,424 |
| Premises and equipment, net | **8,802** | 8,847 |
| Goodwill | **26,425** | 26,587 |
| Derivative assets | **11,811** | 12,228 |
| Equity securities (includes $38,322 and $39,227 carried at fair value) (2) | **61,755** | 62,497 |
| Other assets (2) | **78,248** | 90,244 |
| Total assets (4) | **$ 1,872,981** | 1,951,757 |
| **Liabilities** | | |
| Noninterest-bearing deposits | **$ 352,869** | 373,722 |
| Interest-bearing deposits | **913,725** | 962,269 |
| Total deposits | **1,266,594** | 1,335,991 |
| Short-term borrowings | **105,451** | 103,256 |
| Derivative liabilities | **8,586** | 8,796 |
| Accrued expenses and other liabilities | **71,348** | 70,615 |
| Long-term debt | **221,323** | 225,020 |
| Total liabilities (5) | **1,673,302** | 1,743,678 |
| **Equity** | | |
| Wells Fargo stockholders' equity: | | |
| Preferred stock | **23,482** | 25,358 |
| Common stock – $1-2/3 par value, authorized 9,000,000,000 shares; issued 5,481,811,474 shares | **9,136** | 9,136 |
| Additional paid-in capital | **60,738** | 60,893 |
| Retained earnings | **154,576** | 145,263 |
| Cumulative other comprehensive income (loss) | **(6,873)** | (2,144) |
| Treasury stock – 770,250,428 shares and 590,194,846 shares | **(40,538)** | (29,892) |
| Unearned ESOP shares | **(1,780)** | (1,678) |
| Total Wells Fargo stockholders' equity | **198,741** | 206,936 |
| Noncontrolling interests | **938** | 1,143 |
| Total equity | **199,679** | 208,079 |
| Total liabilities and equity | **$ 1,872,981** | 1,951,757 |

(1) Financial information has been revised to reflect the impact of the adoption in first quarter 2018 of ASU 2016-18 – Statement of Cash Flows (Topic 230): *Restricted Cash* in which we changed the presentation of our cash and cash equivalents to include both cash and due from banks as well as interest-earning deposits with banks, which are inclusive of any restricted cash. See Note 1 (Summary of Significant Accounting Policies) for more information.

(2) Financial information for the prior period has been revised to reflect the impact of the adoption in first quarter 2018 of ASU 2016-01 – Financial Instruments – Overall (Subtopic 825-10): *Recognition and Measurement of Financial Assets and Financial Liabilities*. See Note 1 (Summary of Significant Accounting Policies) for more information.

(3) Parenthetical amounts represent assets and liabilities for which we are required to carry at fair value or have elected the fair value option.

(4) Our consolidated assets at September 30, 2018, and December 31, 2017, include the following assets of certain variable interest entities (VIEs) that can only be used to settle the liabilities of those VIEs: Cash and due from banks, $112 million and $116 million; Interest-earning deposits with banks, $8 million and $371 million; Debt securities, $0 million at both period ends; Net loans, $12.7 billion and $12.5 billion; Derivative assets, $0 million at both period ends; Equity securities, $61 million and $306 million; Other assets, $210 million and $342 million; and Total assets, $13.1 billion and $13.6 billion, respectively.

(5) Our consolidated liabilities at September 30, 2018, and December 31, 2017, include the following VIE liabilities for which the VIE creditors do not have recourse to Wells Fargo: Derivative liabilities, $0 million and $5 million; Accrued expenses and other liabilities, $154 million and $132 million; Long-term debt, $871 million and $1.5 billion; and Total liabilities, $1.0 billion and $1.6 billion, respectively.

The accompanying notes are an integral part of these statements.

Wells Fargo & Company and Subsidiaries

**Consolidated Statement of Changes in Equity (Unaudited)**

| | Preferred stock | | Common stock | |
|---|---|---|---|---|
| (in millions, except shares) | *Shares* | Amount | *Shares* | Amount |
| **Balance June 30, 2018** | ***12,055,984*** | **$ 25,737** | ***4,849,067,854*** | **$ 9,136** |
| **Adoption of accounting standard related to reclassification of certain tax effects from cumulative other comprehensive income (1)** | | | | |
| **Net income** | | | | |
| **Other comprehensive income (loss), net of tax** | | | | |
| **Noncontrolling interests** | | | | |
| **Common stock issued** | | | ***4,131,347*** | |
| **Common stock repurchased** | | | ***(146,487,043)*** | |
| **Preferred stock redeemed (2)** | ***(2,150,375)*** | **(1,995)** | | |
| **Preferred stock issued to ESOP** | | | | |
| **Preferred stock released by ESOP** | | | | |
| **Preferred stock converted to common shares** | ***(260,257)*** | **(260)** | ***4,848,888*** | |
| **Common stock warrants repurchased/exercised** | | | | |
| **Preferred stock issued** | | | | |
| **Common stock dividends** | | | | |
| **Preferred stock dividends** | | | | |
| **Stock incentive compensation expense** | | | | |
| **Net change in deferred compensation and related plans** | | | | |
| **Net change** | ***(2,410,632)*** | **(2,255)** | ***(137,506,808)*** | **—** |
| **Balance September 30, 2018** | ***9,645,352*** | **$ 23,482** | ***4,711,561,046*** | **$ 9,136** |
| Balance June 30, 2017 | *12,104,127* | $ 25,785 | *4,966,770,050* | $ 9,136 |
| Net income (3) | | | | |
| Other comprehensive income (loss), net of tax (3) | | | | |
| Noncontrolling interests | | | | |
| Common stock issued | | | *6,345,864* | |
| Common stock repurchased | | | *(49,022,535)* | |
| Preferred stock redeemed | — | — | | |
| Preferred stock issued to ESOP | | | | |
| Preferred stock released by ESOP | | | | |
| Preferred stock converted to common shares | *(208,344)* | (209) | *3,777,769* | |
| Common stock warrants repurchased/exercised | | | | |
| Preferred stock issued | | | | |
| Common stock dividends | | | | |
| Preferred stock dividends | | | | |
| Stock incentive compensation expense | | | | |
| Net change in deferred compensation and related plans | | | | |
| Net change (3) | *(208,344)* | (209) | *(38,898,902)* | — |
| Balance September 30, 2017 (3) | *11,895,783* | $ 25,576 | *4,927,871,148* | $ 9,136 |

(1) Represents the reclassification from other comprehensive income to retained earnings as a result of the adoption of ASU 2018-02 - *Reclassification of Certain Tax Effects from Accumulated Other Comprehensive Income,* in the third quarter of 2018. For additional information, see Note 1.
(2) Represents the impact of the redemption of preferred stock, series J, in third quarter 2018.
(3) Financial information for the prior period has been revised to reflect the impact of the adoption of ASU 2017-12 – Derivatives and Hedging (Topic 815): *Targeted Improvements to Accounting for Hedging Activities,* effective January 1, 2017.

| Quarter ended September 30, | | | | | | | |
|---|---|---|---|---|---|---|---|
| Wells Fargo stockholders' equity | | | | | | | |
| Additional paid-in capital | Retained earnings | Cumulative other comprehensive income | Treasury stock | Unearned ESOP shares | Total Wells Fargo stockholders' equity | Noncontrolling interests | Total equity |
| **59,644** | **150,803** | **(5,461)** | **(32,620)** | **(2,051)** | **205,188** | **881** | **206,069** |
| | **400** | **(400)** | | | **—** | | **—** |
| | **6,007** | | | | **6,007** | **79** | **6,086** |
| | | **(1,012)** | | | **(1,012)** | **—** | **(1,012)** |
| | | | | | **—** | **(22)** | **(22)** |
| **(58)** | | | **214** | | **156** | | **156** |
| **1,000** | | | **(8,382)** | | **(7,382)** | | **(7,382)** |
| | **(155)** | | | | **(2,150)** | | **(2,150)** |
| | | | | | **—** | | **—** |
| **(11)** | | | | **271** | **260** | | **260** |
| **6** | | | **254** | | **—** | | **—** |
| **(36)** | | | | | **(36)** | | **(36)** |
| | | | | | **—** | | **—** |
| **18** | **(2,080)** | | | | **(2,062)** | | **(2,062)** |
| | **(399)** | | | | **(399)** | | **(399)** |
| **202** | | | | | **202** | | **202** |
| **(27)** | | | **(4)** | | **(31)** | | **(31)** |
| **1,094** | **3,773** | **(1,412)** | **(7,918)** | **271** | **(6,447)** | **57** | **(6,390)** |
| **60,738** | **154,576** | **(6,873)** | **(40,538)** | **(1,780)** | **198,741** | **938** | **199,679** |
| 60,689 | 139,366 | (2,148) | (25,675) | (2,119) | 205,034 | 915 | 205,949 |
| | 4,542 | | | | 4,542 | 58 | 4,600 |
| | | 526 | | | 526 | (34) | 492 |
| | | | | | — | (44) | (44) |
| (61) | | | 315 | | 254 | | 254 |
| — | | | (2,601) | | (2,601) | | (2,601) |
| — | | | | | — | | — |
| | | | | | — | | — |
| (6) | | | | 215 | 209 | | 209 |
| 20 | | | 189 | | — | | — |
| (19) | | | | | (19) | | (19) |
| | | | | | — | | — |
| 12 | (1,948) | | | | (1,936) | | (1,936) |
| | (411) | | | | (411) | | (411) |
| 135 | | | | | 135 | | 135 |
| (11) | | | — | | (11) | | (11) |
| 70 | 2,183 | 526 | (2,097) | 215 | 688 | (20) | 668 |
| 60,759 | 141,549 | (1,622) | (27,772) | (1,904) | 205,722 | 895 | 206,617 |

Wells Fargo & Company and Subsidiaries

**Consolidated Statement of Changes in Equity (Unaudited)**

| | Preferred stock | | Common stock | |
|---|---|---|---|---|
| (in millions, except shares) | *Shares* | Amount | *Shares* | Amount |
| **Balance December 31, 2017** | ***11,677,235*** | **$ 25,358** | ***4,891,616,628*** | **$ 9,136** |
| **Cumulative effect from change in accounting policies (1)** | | | | |
| **Balance January 1, 2018** | ***11,677,235*** | **$ 25,358** | ***4,891,616,628*** | **$ 9,136** |
| **Adoption of accounting standard related to reclassification of certain tax effects from cumulative other comprehensive income (2)** | | | | |
| **Net income** | | | | |
| **Other comprehensive income (loss), net of tax** | | | | |
| **Noncontrolling interests** | | | | |
| **Common stock issued** | | | ***34,391,135*** | |
| **Common stock repurchased** | | | ***(232,826,228)*** | |
| **Preferred stock redeemed (3)** | ***(2,150,375)*** | **(1,995)** | | |
| **Preferred stock issued to ESOP** | ***1,100,000*** | **1,100** | | |
| **Preferred stock released by ESOP** | | | | |
| **Preferred stock converted to common shares** | ***(981,508)*** | **(981)** | ***18,379,511*** | |
| **Common stock warrants repurchased / exercised** | | | | |
| **Preferred stock issued** | **—** | **—** | | |
| **Common stock dividends** | | | | |
| **Preferred stock dividends** | | | | |
| **Stock incentive compensation expense** | | | | |
| **Net change in deferred compensation and related plans** | | | | |
| **Net change** | ***(2,031,883)*** | **(1,876)** | ***(180,055,582)*** | **—** |
| **Balance September 30, 2018** | ***9,645,352*** | **$ 23,482** | ***4,711,561,046*** | **$ 9,136** |
| Balance December 31, 2016 | *11,532,712* | $ 24,551 | *5,016,109,326* | $ 9,136 |
| Cumulative effect from change in hedge accounting (4) | | | | |
| Balance January 1, 2017 | *11,532,712* | $ 24,551 | *5,016,109,326* | $ 9,136 |
| Net income (5) | | | | |
| Other comprehensive income (loss), net of tax (5) | | | | |
| Noncontrolling interests | | | | |
| Common stock issued | | | *45,738,310* | |
| Common stock repurchased | | | *(145,143,692)* | |
| Preferred stock redeemed | — | — | | |
| Preferred stock issued to ESOP | *950,000* | 950 | | |
| Preferred stock released by ESOP | | | | |
| Preferred stock converted to common shares | *(614,529)* | (615) | *11,167,204* | |
| Common stock warrants repurchased / exercised | | | | |
| Preferred stock issued | *27,600* | 690 | | |
| Common stock dividends | | | | |
| Preferred stock dividends | | | | |
| Stock incentive compensation expense | | | | |
| Net change in deferred compensation and related plans | | | | |
| Net change (5) | *363,071* | 1,025 | *(88,238,178)* | — |
| September 30, 2017 (5) | *11,895,783* | $ 25,576 | *4,927,871,148* | $ 9,136 |

(1) Effective January 1, 2018, we adopted ASU 2016-04 – Liabilities – Extinguishments of Liabilities (Subtopic 405-20): *Recognition of Breakage for Certain Prepaid Stored-Value Products,* ASU 2016-01 – Financial Instruments – Overall (Subtopic 825-10): *Recognition and Measurement of Financial Assets and Financial Liabilities*, and ASU 2014-09 – Revenue from Contracts With Customers (Topic 606) and subsequent related Updates. See Note 1 (Summary of Significant Accounting Policies) in this Report for more information.

(2) Represents the reclassification from other comprehensive income to retained earnings as a result of the adoption of ASU 2018-02 - *Reclassification of Certain Tax Effects from Accumulated Other Comprehensive Income,* in the third quarter of 2018. For additional information, see Note 1.

(3) Represents the impact of the redemption of preferred stock, series J, in third quarter 2018.

(4) Effective January 1, 2017, we adopted changes in hedge accounting pursuant to ASU 2017-12 – Derivatives and Hedging (Topic 815): *Targeted Improvements to Accounting for Hedging Activities*.

(5) Financial information for the prior period has been revised to reflect the impact of the adoption of ASU 2017-12 – Derivatives and Hedging (Topic 815): *Targeted Improvements to Accounting for Hedging Activities,* effective January 1, 2017.

The accompanying notes are an integral part of these statements.

| Nine months ended September 30, | | | | | | | |
|---|---|---|---|---|---|---|---|
| Wells Fargo stockholders' equity | | | | | | | |
| Additional paid-in capital | Retained earnings | Cumulative other comprehensive income | Treasury stock | Unearned ESOP shares | Total Wells Fargo stockholders' equity | Noncontrolling interests | Total equity |
| **60,893** | **145,263** | **(2,144)** | **(29,892)** | **(1,678)** | **206,936** | **1,143** | **208,079** |
| | **94** | **(118)** | | | **(24)** | | **(24)** |
| **60,893** | **145,357** | **(2,262)** | **(29,892)** | **(1,678)** | **206,912** | **1,143** | **208,055** |
| | **400** | **(400)** | | | **—** | | **—** |
| | **16,329** | | | | **16,329** | **393** | **16,722** |
| | | **(4,211)** | | | **(4,211)** | **(1)** | **(4,212)** |
| **7** | | | | | **7** | **(597)** | **(590)** |
| **(53)** | **(231)** | | **1,721** | | **1,437** | | **1,437** |
| **—** | | | **(13,334)** | | **(13,334)** | | **(13,334)** |
| | **(155)** | | | | **(2,150)** | | **(2,150)** |
| **43** | | | | **(1,143)** | **—** | | **—** |
| **(60)** | | | | **1,041** | **981** | | **981** |
| **33** | | | **948** | | **—** | | **—** |
| **(194)** | | | | | **(194)** | | **(194)** |
| **—** | | | | | **—** | | **—** |
| **48** | **(5,921)** | | | | **(5,873)** | | **(5,873)** |
| | **(1,203)** | | | | **(1,203)** | | **(1,203)** |
| **897** | | | | | **897** | | **897** |
| **(876)** | | | **19** | | **(857)** | | **(857)** |
| **(155)** | **9,219** | **(4,611)** | **(10,646)** | **(102)** | **(8,171)** | **(205)** | **(8,376)** |
| **60,738** | **154,576** | **(6,873)** | **(40,538)** | **(1,780)** | **198,741** | **938** | **199,679** |
| 60,234 | 133,075 | (3,137) | (22,713) | (1,565) | 199,581 | 916 | 200,497 |
| | (381) | 168 | | | (213) | | (213) |
| 60,234 | 132,694 | (2,969) | (22,713) | (1,565) | 199,368 | 916 | 200,284 |
| | 16,032 | | | | 16,032 | 187 | 16,219 |
| | | 1,347 | | | 1,347 | (29) | 1,318 |
| 1 | | | | | 1 | (179) | (178) |
| (87) | (184) | | 2,183 | | 1,912 | | 1,912 |
| 750 | | | (7,813) | | (7,063) | | (7,063) |
| — | | | | | — | | — |
| 31 | | | | (981) | — | | — |
| (27) | | | | 642 | 615 | | 615 |
| 61 | | | 554 | | — | | — |
| (87) | | | | | (87) | | (87) |
| (13) | | | | | 677 | | 677 |
| 37 | (5,775) | | | | (5,738) | | (5,738) |
| | (1,218) | | | | (1,218) | | (1,218) |
| 669 | | | | | 669 | | 669 |
| (810) | | | 17 | | (793) | | (793) |
| 525 | 8,855 | 1,347 | (5,059) | (339) | 6,354 | (21) | 6,333 |
| 60,759 | 141,549 | (1,622) | (27,772) | (1,904) | 205,722 | 895 | 206,617 |

Wells Fargo & Company and Subsidiaries

## Consolidated Statement of Cash Flows (Unaudited)

| (in millions) | Nine months ended September 30, 2018 | 2017 |
|---|---|---|
| **Cash flows from operating activities:** | | |
| Net income before noncontrolling interests (2) | **$ 16,722** | 16,219 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | |
| Provision for credit losses | **1,223** | 1,877 |
| Changes in fair value of MSRs, MLHFS and LHFS carried at fair value | **(1,057)** | 828 |
| Depreciation, amortization and accretion | **4,222** | 3,794 |
| Other net (gains) losses (1)(2) | **(8,919)** | 284 |
| Stock-based compensation | **1,859** | 1,595 |
| Originations and purchases of mortgage loans held for sale (1) | **(120,006)** | (134,319) |
| Proceeds from sales of and paydowns on mortgage loans held for sale (1) | **90,714** | 97,059 |
| Net change in: | | |
| Debt and equity securities, held for trading (1) | **24,709** | 28,572 |
| Loans held for sale (1) | **(530)** | 163 |
| Deferred income taxes | **940** | 1,748 |
| Derivative assets and liabilities (2) | **315** | (4,038) |
| Other assets (2) | **9,738** | 2,176 |
| Other accrued expenses and liabilities (2) | **1,109** | 2,386 |
| Net cash provided by operating activities | **21,039** | 18,344 |
| **Cash flows from investing activities:** | | |
| Net change in: | | |
| Federal funds sold and securities purchased under resale agreements (3) | **(4,448)** | (8,562) |
| Available-for-sale debt securities: | | |
| Proceeds from sales (1) | **7,088** | 37,069 |
| Prepayments and maturities (1) | **28,360** | 35,387 |
| Purchases (1) | **(41,495)** | (74,248) |
| Held-to-maturity debt securities: | | |
| Paydowns and maturities | **8,509** | 7,557 |
| Equity securities, not held for trading: | | |
| Proceeds from sales and capital returns (1) | **4,481** | 3,979 |
| Purchases (1) | **(3,937)** | (2,588) |
| Loans: | | |
| Loans originated by banking subsidiaries, net of principal collected (4) | **(2,965)** | 5,568 |
| Proceeds from sales (including participations) of loans held for investment | **12,356** | 8,473 |
| Purchases (including participations) of loans | **(896)** | (2,436) |
| Principal collected on nonbank entities' loans (4) | **5,110** | 5,968 |
| Loans originated by nonbank entities (4) | **(5,760)** | (4,199) |
| Net cash paid for acquisitions | **(10)** | (23) |
| Proceeds from sales of foreclosed assets and short sales | **2,781** | 4,175 |
| Other, net | **1,317** | (1,336) |
| Net cash provided by investing activities | **10,491** | 14,784 |
| **Cash flows from financing activities:** | | |
| Net change in: | | |
| Deposits | **(69,371)** | 627 |
| Short-term borrowings | **2,195** | 4,655 |
| Long-term debt: | | |
| Proceeds from issuance | **31,397** | 38,358 |
| Repayment | **(29,419)** | (60,103) |
| Preferred stock: | | |
| Proceeds from issuance | **—** | 677 |
| Redeemed | **(2,150)** | — |
| Cash dividends paid | **(1,211)** | (1,226) |
| Common stock: | | |
| Proceeds from issuance | **548** | 905 |
| Stock tendered for payment of withholding taxes | **(322)** | (376) |
| Repurchased | **(13,334)** | (7,063) |
| Cash dividends paid | **(5,730)** | (5,605) |
| Net change in noncontrolling interests | **(364)** | (72) |
| Other, net | **(193)** | (94) |
| Net cash used by financing activities | **(87,954)** | (29,317) |
| **Net change in cash, cash equivalents, and restricted cash (3)** | **(56,424)** | 3,811 |
| Cash, cash equivalents, and restricted cash at beginning of period (3) | **215,947** | 221,043 |
| **Cash, cash equivalents, and restricted cash at end of period (3)** | **$ 159,523** | 224,854 |
| Supplemental cash flow disclosures: | | |
| Cash paid for interest | **$ 10,108** | 6,514 |
| Cash paid for income taxes | **1,921** | 4,687 |

(1) Financial information for the prior period has been revised to reflect the impact of the adoption in first quarter 2018 of ASU 2016-01 – Financial Instruments – Overall (Subtopic 825-10): *Recognition and Measurement of Financial Assets and Financial Liabilities*. See Note 1 (Summary of Significant Accounting Policies) for more information.

(2) Financial information for the prior period has been revised to reflect the impact of the adoption of ASU 2017-12 – *Derivatives and Hedging (Topic 815): Targeted Improvements to Accounting for Hedging Activities,* effective January 1, 2017.

(3) Financial information has been revised to reflect the impact of the adoption in first quarter 2018 of ASU 2016-18 – Statement of Cash Flows (Topic 230): *Restricted Cash* in which we changed the presentation of our cash and cash equivalents to include both cash and due from banks as well as interest-earning deposits with banks, which are inclusive of any restricted cash. See Note 1 (Summary of Significant Accounting Policies) for more information.

(4) Prior periods have been revised to reflect classification changes due to entity restructuring activities.

The accompanying notes are an integral part of these statements. See Note 1 (Summary of Significant Accounting Policies) for noncash activities.

*See the Glossary of Acronyms at the end of this Report for terms used throughout the Financial Statements and related Notes.*

## Note 1: Summary of Significant Accounting Policies

Wells Fargo & Company is a diversified financial services company. We provide banking, trust and investments, mortgage banking, investment banking, retail banking, brokerage, and consumer and commercial finance through banking locations, the internet and other distribution channels to consumers, businesses and institutions in all 50 states, the District of Columbia, and in foreign countries. When we refer to "Wells Fargo," "the Company," "we," "our" or "us," we mean Wells Fargo & Company and Subsidiaries (consolidated). Wells Fargo & Company (the Parent) is a financial holding company and a bank holding company. We also hold a majority interest in a real estate investment trust, which has publicly traded preferred stock outstanding.

Our accounting and reporting policies conform with U.S. generally accepted accounting principles (GAAP) and practices in the financial services industry. For discussion of our significant accounting policies, see Note 1 (Summary of Significant Accounting Policies) in our Annual Report on Form 10-K for the year ended December 31, 2017 (2017 Form 10-K). To prepare the financial statements in conformity with GAAP, management must make estimates based on assumptions about future economic and market conditions (for example, unemployment, market liquidity, real estate prices, etc.) that affect the reported amounts of assets and liabilities at the date of the financial statements, income and expenses during the reporting period and the related disclosures. Although our estimates contemplate current conditions and how we expect them to change in the future, it is reasonably possible that actual conditions could be worse than anticipated in those estimates, which could materially affect our results of operations and financial condition. Management has made significant estimates in several areas, including:

- allowance for credit losses (Note 6 (Loans and Allowance for Credit Losses));
- valuations of residential mortgage servicing rights (MSRs) (Note 9 (Securitizations and Variable Interest Entities) and Note 10 (Mortgage Banking Activities)) and financial instruments (Note 15 (Fair Values of Assets and Liabilities));
- liabilities for contingent litigation losses (Note 13 (Legal Actions)); and
- income taxes.

Actual results could differ from those estimates.

These unaudited interim financial statements reflect all adjustments that are, in the opinion of management, necessary for a fair statement of the results for the periods presented. These adjustments are of a normal recurring nature, unless otherwise disclosed in this Form 10-Q. The results of operations in the interim financial statements do not necessarily indicate the results that may be expected for the full year. The interim financial information should be read in conjunction with our 2017 Form 10-K.

### Accounting Standards Adopted in 2018

In first quarter 2018, we adopted the following new accounting guidance:

- Accounting Standards Update (ASU or Update) 2017-09 – Compensation – Stock Compensation (Topic 718): *Scope of Modification Accounting;*
- ASU 2017-07 – *Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost;*
- ASU 2017-05 – Other Income – Gains and Losses from the Derecognition of Nonfinancial Assets (Subtopic 610-20): *Clarifying the Scope of Asset Derecognition Guidance and Accounting for Partial Sales of Nonfinancial Assets;*
- ASU 2017-01 – Business Combinations (Topic 805): *Clarifying the Definition of a Business;*
- ASU 2016-18 – Statement of Cash Flows (Topic 230): *Restricted Cash;*
- ASU 2016-16 – Income Taxes (Topic 740): *Intra-Entity Transfers of Assets Other Than Inventory;*
- ASU 2016-15 – Statement of Cash Flows (Topic 230): *Classification of Certain Cash Receipts and Cash Payments;*
- ASU 2016-04 – Liabilities – Extinguishments of Liabilities (Subtopic 405-20): *Recognition of Breakage for Certain Prepaid Stored-Value Products;*
- ASU 2016-01 – Financial Instruments – Overall (Subtopic 825-10): *Recognition and Measurement of Financial Assets and Financial Liabilities;* and
- ASU 2014-09 – *Revenue from Contracts With Customers (Topic 606) and subsequent related Updates.*

**ASU 2017-09** clarifies when to account for a change to the terms or conditions of a share-based payment award as a modification. Under the ASU, modification accounting is required only if the fair value, the vesting conditions, or the classification of the award (as equity or liability) changes as a result of the change in terms or conditions. The Update is applied to awards modified on or after the adoption date and accordingly, did not have a material impact on our consolidated financial statements.

**ASU 2017-07** requires that the service cost component of net benefit cost be reported in the same line item as other compensation costs arising from services rendered by employees during the period, and the other pension cost components (interest cost, expected return on plan assets and amortization of actuarial gains and losses) be presented in the income statement separate from the service cost component. The income statement line item used to present the other pension cost components must be disclosed. We adopted this change in first quarter 2018. The Update did not have a material impact on our consolidated financial statements.

**ASU 2017-05** provides guidance for recognizing gains and losses from the transfer of nonfinancial assets in contracts with non-customers. The ASU applies to nonfinancial assets, including real estate (e.g., buildings, land, windmills, solar farms), ships and intellectual property. We adopted this change in first quarter 2018. The Update did not have a material impact on our consolidated financial statements.

**ASU 2017-01** requires that when substantially all of the fair value of gross assets acquired is concentrated in a single asset (or a group of similar assets), the assets acquired would not represent a business. The Update is applied prospectively and accordingly, did not have a material impact on our consolidated financial statements.

**ASU 2016-18** requires that restricted cash and cash equivalents are included with the total cash and cash equivalents in the consolidated statement of cash flows. In addition, the nature of any restrictions will be disclosed in the footnotes to the financial statements. We adopted this change in first quarter 2018. Our retrospective adoption includes changes to our presentation of cash and cash equivalents in our consolidated statement of cash flows to include both cash and due from banks as well as interest-earning deposits with banks. In addition, we had corresponding changes on our consolidated balance sheets.

**ASU 2016-16** requires us to recognize the income tax effects of intercompany sales and transfers of assets other than inventory in the period in which the transfer occurs. We adopted this change in first quarter 2018. The Update did not have a material impact on our consolidated financial statements.

**ASU 2016-15** addresses eight specific cash flow issues with the objective of reducing the existing diversity in practice for reporting in the statement of cash flows. We adopted this change in first quarter 2018. The Update did not have a material impact on our consolidated financial statements.

**ASU 2016-04** modifies the accounting for certain prepaid card products to require the recognition of breakage. Breakage represents the estimated amount that will not be redeemed by the cardholder for goods or services. We adopted this change in first quarter 2018. Upon adoption, we recorded a cumulative-effect adjustment that increased retained earnings, given estimated breakage, by $20 million.

**ASU 2016-01** changes the accounting for certain equity securities to record at fair value with unrealized gains or losses reflected in earnings, as well as improve the disclosures of equity securities and the fair value of financial instruments. The Update also requires that for purposes of disclosing the fair value of financial instruments recorded at amortized cost, including loans and long-term debt, the valuation methodology is based on an exit price notion.

We adopted the Update in first quarter 2018 and recorded a cumulative-effect adjustment as of January 1, 2018, that increased retained earnings by $106 million as a result of a transition adjustment to reclassify $118 million in net unrealized gains from other comprehensive income to retained earnings, partially offset by a transition adjustment to decrease retained earnings by $12 million primarily to adjust the carrying value of our auction rate securities from cost to fair value. No transition adjustment was recorded for investments changed to the measurement alternative (described below), which was applied prospectively.

As a result of adopting this ASU, our investments in marketable equity securities, including those previously classified as available-for-sale, are accounted for at fair value with unrealized gains or losses reflected in earnings. Additionally, our share of unrealized gains or losses related to marketable equity securities held by our equity method investees are reflected in earnings. Prior to adoption, such unrealized gains and losses were reflected in other comprehensive income. Our investments in nonmarketable equity securities previously accounted for under the cost method of accounting, except for federal bank stock, are now accounted for either at fair value with unrealized gains and losses reflected in earnings or using the measurement alternative. The measurement alternative is similar to the cost method of accounting, except the carrying value is adjusted through earnings for impairment, if any, and changes in observable and orderly transactions in the same or similar investment. We account for substantially all of our private equity securities, previously using the cost method of accounting, now under the measurement alternative. Our auction rate securities portfolio is now accounted for at fair value with unrealized gains or losses reflected in earnings.

In connection with our adoption of this Update, we have modified our balance sheet and income statement presentation to report marketable and nonmarketable equity securities and their results separately from debt securities by now reporting all equity securities in a new line labeled “Equity securities” in both the balance sheet and income statement. Additionally we now report loans held for trading purposes in loans held for sale and have reclassified net gains and losses on marketable equity securities used as economic hedges of deferred compensation obligations from “Net gains for trading activities” to “Net gains from equity securities”. All prior periods have been revised to conform to these changes in reporting.

Table 1.1 provides a summary of our reporting changes implemented in connection with our adoption of ASU 2016-01 in first quarter 2018.

**Table 1.1: Summary of Reporting Changes**

| Financial instrument or transaction type | As previously reported | Revised reporting |
|---|---|---|
| **Balance Sheet** | | |
| Marketable equity securities | Trading assets and available for sale investment securities | Equity securities (new caption) |
| Nonmarketable equity securities | Other assets | Equity securities (new caption) |
| Loans held for trading | Trading assets | Loans held for sale |
| Debt securities held for trading | Trading assets | Debt securities (formerly "Investment securities") |
| | | |
| **Income Statement** | | |
| Interest income: | | |
| Marketable equity securities | Trading assets and investment securities | Equity securities (new caption) |
| Nonmarketable equity securities | Other | Equity securities (new caption) |
| Loans held for trading | Trading assets | Loans held for sale |
| Debt securities held for trading | Trading assets | Debt securities (formerly "Investment securities") |
| Noninterest income: | | |
| Deferred compensation gains (1) | Net gains from trading activities | Net gains from equity securities |

(1) Reclassification of net gains and losses on marketable equity securities economically hedging our deferred compensation obligations.

Table 1.2 summarizes financial assets and liabilities by form and measurement accounting model.

**Table 1.2: Accounting Model for Financial Assets and Liabilities**

| Balance sheet caption | Measurement model(s) | Financial statement Note reference |
|---|---|---|
| Cash and due from banks | Cost | N/A |
| Interest-earning deposits with banks | Cost | N/A |
| Federal funds sold and securities purchased under resale agreements | Amortized cost | N/A |
| Debt securities: | | |
| Trading | FV-NI (1) | Note 4: Trading Activities<br>Note 15: Fair Values of Assets and Liabilities |
| Available-for-sale | FV-OCI (2) | Note 5: Available-for-Sale and Held-to-Maturity Debt Securities<br>Note 15: Fair Values of Assets and Liabilities |
| Held-to-maturity | Amortized cost | Note 5: Available-for-Sale and Held-to-Maturity Debt Securities |
| Mortgage loans held for sale | FV-NI (1)<br>LOCOM (3) | Note 15: Fair Values of Assets and Liabilities |
| Loans held for sale | FV-NI (1)<br>LOCOM (3) | Note 15: Fair Values of Assets and Liabilities |
| Loans | Amortized cost<br>FV-NI (1) | Note 6: Loans and Allowance for Credit Losses<br>Note 15: Fair Values of Assets and Liabilities |
| Derivative assets and liabilities | FV-NI (1)<br>FV-OCI (2) | Note 4: Trading Activities<br>Note 14: Derivatives<br>Note 15: Fair Values of Assets and Liabilities |
| Equity securities: | | |
| Marketable | FV-NI (1) | Note 4: Trading Activities<br>Note 7: Equity Securities<br>Note 15: Fair Values of Assets and Liabilities |
| Nonmarketable | FV-NI (1)<br>Cost method<br>Equity method<br>MA (4) | Note 4: Trading Activities<br>Note 7: Equity Securities<br>Note 15: Fair Values of Assets and Liabilities |
| Other assets | Amortized cost (5) | Note 8: Other Assets |
| Deposits | Amortized cost | N/A |
| Short-term borrowings | Amortized cost | N/A |
| Long-term debt | Amortized cost | N/A |

(1) FV-NI represents the fair value through net income accounting model.
(2) FV-OCI represents the fair value through other comprehensive income accounting model.
(3) LOCOM represents the lower of cost or fair value accounting model.
(4) MA represents the measurement alternative accounting model.
(5) Other assets are generally carried at amortized cost, except for bank-owned life insurance which is carried at cash surrender value.

**ASU 2014-09** modifies the guidance used to recognize revenue from contracts with customers for transfers of goods or services and transfers of non-financial assets, unless those contracts are within the scope of other guidance. Upon a modified retrospective adoption, we recorded a cumulative-effect adjustment that decreased retained earnings by $32 million, due to changes in the timing of revenue for corporate trust services that are provided over the life of the associated trust. In addition, we changed the presentation of some costs such that underwriting expenses of our broker-dealer business that were previously netted against revenue are now included in noninterest expense, and card payment network charges that

were previously included in noninterest expense are now netted against card fee revenue.

In third quarter 2018, we adopted the following new accounting guidance:

- ASU 2018-02 – Income Statement-Reporting Comprehensive Income (Topic 220): *Reclassification of Certain Tax Effects from Accumulated Other Comprehensive Income.*

**ASU 2018-02** allows a reclassification to update amounts in accumulated other comprehensive income to an appropriate tax rate under the Tax Cuts & Jobs Act. In third quarter 2018, we reclassified $400 million resulting in a reduction of accumulated other comprehensive income and an increase to retained earnings. For additional information, see Note 20: Other Comprehensive Income. In addition, we recognized $104 million of additional tax expense associated with the re-measurement of our initial estimates for the impacts of the Tax Cuts & Jobs Act, in accordance with ASC Topic 740, Income Taxes and SEC Staff Accounting Bulletin 118. These adjustments were included in income tax expense. We continue to collect and analyze data related to our provisional tax estimates and monitor interpretations that emerge for various provisions of the Tax Act. We anticipate the re-measurements will be finalized upon completion of our U.S. tax filings in the fourth quarter.

### Private Share Repurchases

From time to time we enter into private forward repurchase transactions with unrelated third parties to complement our open-market common stock repurchase strategies, to allow us to manage our share repurchases in a manner consistent with our capital plans submitted annually under the Comprehensive Capital Analysis and Review (CCAR) and to provide an economic benefit to the Company.

Our payments to the counterparties for these contracts are recorded in permanent equity in the quarter paid and are not subject to re-measurement. The classification of the up-front payments as permanent equity assures that we have appropriate repurchase timing consistent with our capital plans, which contemplate a fixed dollar amount available per quarter for share repurchases pursuant to Federal Reserve Board (FRB) supervisory guidance. In return, the counterparty agrees to deliver a variable number of shares based on a per share discount to the volume-weighted average stock price over the contract period. There are no scenarios where the contracts would not either physically settle in shares or allow us to choose the settlement method. Our total number of outstanding shares of common stock is not reduced until settlement of the private share repurchase contract.

We had no unsettled private share repurchase contracts at both September 30, 2018 and September 30, 2017.

### Supplemental Cash Flow Information

Significant noncash activities are presented in Table 1.3.

**Table 1.3: Supplemental Cash Flow Information**

| | Nine months ended September 30, | |
|---|---|---|
| (in millions) | **2018** | 2017 |
| Trading debt securities retained from securitization of MLHFS | **$ 28,761** | 43,394 |
| Transfers from loans to MLHFS | **4,456** | 4,015 |
| Transfers from loans to LHFS | **2,542** | 681 |
| Transfers from available-for-sale debt securities to held-to-maturity debt securities | **13,372** | 50,405 |

### Subsequent Events

We have evaluated the effects of events that have occurred subsequent to September 30, 2018, and, except as disclosed elsewhere in the footnotes, there have been no material events that would require recognition in our third quarter 2018 consolidated financial statements or disclosure in the Notes to the consolidated financial statements.

## Note 2: Business Combinations

We regularly explore opportunities to acquire financial services companies and businesses. Generally, we do not make a public announcement about an acquisition opportunity until a definitive agreement has been signed. For information on additional contingent consideration related to acquisitions, which is considered to be a guarantee, see Note 12 (Guarantees, Pledged Assets and Collateral, and Other Commitments).

We completed no new acquisitions during the first nine months of 2018 and had no business combinations pending as of September 30, 2018.

We completed the sale of Wells Fargo Shareowner Services in February 2018 and the sale of the automobile lending business of Reliable Financial Services, Inc. and Reliable Finance Holding Company in August 2018. In June 2018, we announced plans to divest 52 branches in Indiana, Ohio, Michigan and part of Wisconsin. Included with the sale are approximately $2 billion of deposits as of September 30, 2018. The final amount of deposits that will be divested could differ.

# Note 3: Cash, Loan and Dividend Restrictions

Cash and cash equivalents may be restricted as to usage or withdrawal. Federal Reserve Board (FRB) regulations require that each of our subsidiary banks maintain reserve balances on deposit with the Federal Reserve Banks. Table 3.1 provides a summary of restrictions on cash equivalents in addition to the FRB reserve cash balance requirements.

**Table 3.1: Nature of Restrictions on Cash Equivalents**

| (in millions) | Sep 30, 2018 | Dec 31, 2017 |
|---|---|---|
| Average required reserve balance for FRB (1) | $ **12,798** | 12,306 |
| Reserve balance for non-U.S. central banks | **554** | 617 |
| Segregated for benefit of brokerage customers under federal and other brokerage regulations | **698** | 666 |
| Related to consolidated variable interest entities (VIEs) that can only be used to settle liabilities of VIEs | **120** | 487 |

(1) FRB required reserve balance represents average for the first nine months of 2018 and for the year ended December 31, 2017.

We are subject to additional loan and dividend restrictions. We have a state-chartered subsidiary bank that is subject to state regulations that limit dividends. Under these provisions and regulatory limitations, our national and state-chartered subsidiary banks could have declared additional dividends of $15.6 billion at September 30, 2018, without obtaining prior regulatory approval. Our nonbank subsidiaries are also limited by certain federal and state statutory provisions and regulations covering the amount of dividends that may be paid in any given year. In addition, under a Support Agreement dated June 28, 2017, among Wells Fargo & Company, the parent holding company (the "Parent"), WFC Holdings, LLC, an intermediate holding company and subsidiary of the Parent (the "IHC"), and Wells Fargo Bank, N.A., Wells Fargo Securities, LLC, and Wells Fargo Clearing Services, LLC, each an indirect subsidiary of the Parent, the IHC may be restricted from making dividend payments to the Parent if certain liquidity and/or capital metrics fall below defined triggers. Based on retained earnings at September 30, 2018, our nonbank subsidiaries could have declared additional dividends of $25.5 billion at September 30, 2018, without obtaining prior regulatory approval. For additional information see Note 3 (Cash, Loan and Dividend Restrictions) in our 2017 Form 10-K.

The FRB's Capital Plan Rule (codified at 12 CFR 225.8 of Regulation Y) establishes capital planning and prior notice and approval requirements for capital distributions including dividends by certain large bank holding companies. The FRB has also published guidance regarding its supervisory expectations for capital planning, including capital policies regarding the process relating to common stock dividend and repurchase decisions in the FRB's SR Letter 15-18. The effect of this guidance is to require the approval of the FRB (or specifically under the Capital Plan Rule, a notice of non-objection) for the Company to repurchase or redeem common or perpetual preferred stock as well as to raise the per share quarterly dividend from its current level of $0.43 per share as declared by the Company's Board of Directors on October 23, 2018, payable on December 1, 2018.

# Note 4: Trading Activities

We engage in trading activities to accommodate the investment and risk management activities of our customers. These activities predominantly occur in our Wholesale Banking businesses and to a lesser extent other divisions of the Company. Assets and liabilities associated with our trading activities include debt and equity securities, derivatives, loans and short sales. Our trading assets and liabilities are carried on the balance sheet at fair value with changes in fair value recognized in net gains from trading activities and interest income and interest expense recognized in net interest income.

Table 4.1 presents a summary of our trading assets and liabilities measured at fair value through earnings.

**Table 4.1: Trading Assets and Liabilities**

| (in millions) | Sep 30, 2018 | Dec 31, 2017 |
|---|---|---|
| **Trading assets:** | | |
| Debt securities | **$ 65,188** | 57,624 |
| Equity securities | **26,138** | 30,004 |
| Loans held for sale | **1,266** | 1,023 |
| Gross trading derivative assets | **30,302** | 31,340 |
| Netting (1) | **(19,188)** | (19,629) |
| Total trading derivative assets | **11,114** | 11,711 |
| Total trading assets | **103,706** | 100,362 |
| **Trading liabilities:** | | |
| Short sale | **23,992** | 18,472 |
| Gross trading derivative liabilities | **29,268** | 31,386 |
| Netting (1) | **(21,842)** | (23,062) |
| Total trading derivative liabilities | **7,426** | 8,324 |
| Total trading liabilities | **$ 31,418** | 26,796 |

(1) Represents balance sheet netting for trading derivative asset and liability balances, and trading portfolio level counterparty valuation adjustments.

Table 4.2 provides a summary of the net interest income earned from trading securities, and net gains and losses due to the realized and unrealized gains and losses from trading activities.

**Table 4.2: Net Interest Income and Net Gains (Losses) on Trading Activities**

| | Quarter ended September 30, | | Nine months ended September 30, | |
|---|---|---|---|---|
| (in millions) | **2018** | 2017 | **2018** | 2017 |
| **Interest income (1):** | | | | |
| Debt securities | **$ 723** | 607 | **2,043** | 1,678 |
| Equity securities | **178** | 125 | **447** | 370 |
| Loans held for sale | **20** | 11 | **43** | 29 |
| Total interest income | **921** | 743 | **2,533** | 2,077 |
| Less: Interest expense (2) | **157** | 107 | **429** | 305 |
| Net interest income | **764** | 636 | **2,104** | 1,772 |
| **Net gains (losses) from trading activities:** | | | | |
| Debt securities | **(369)** | 52 | **(1,008)** | 348 |
| Equity securities | **1,129** | 717 | **25** | 2,143 |
| Loans held for sale | **3** | 6 | **18** | 42 |
| Derivatives (3) | **(605)** | (655) | **1,557** | (1,990) |
| Total net gains from trading activities (4) | **158** | 120 | **592** | 543 |
| Total trading-related net interest and noninterest income | **$ 922** | 756 | **2,696** | 2,315 |

(1) Represents interest and dividend income earned on trading securities.
(2) Represents interest and dividend expense incurred on trading securities we have sold but have not yet purchased.
(3) Excludes economic hedging of mortgage banking and asset/liability management activities, for which hedge results (realized and unrealized) are reported with the respective hedged activities.
(4) Represents realized gains (losses) from our trading activities and unrealized gains (losses) due to changes in fair value of our trading positions, attributable to the type of asset or liability.

Customer accommodation trading activities include our actions as an intermediary to buy and sell financial instruments and market-making activities. We also take positions to manage our exposure to customer accommodation activities. We hold financial instruments for trading in long positions (assets), as well as short positions where we sold financial instruments we have not yet purchased (liabilities), to facilitate our trading activities. As an intermediary we interact with market buyers and sellers to facilitate the purchase and sale of financial instruments to meet the anticipated or current needs of our customers. For example, we may purchase or sell a derivative to a customer who wants to manage interest rate risk exposure. We typically enter into an offsetting derivative or security position to manage our exposure to the customer transaction. We earn income based on the transaction price difference between the customer transaction and the offsetting position, which is reflected in the fair value changes of the positions recorded in the net gains from trading activities.

Our market-making activities include taking long and short trading positions to facilitate customer order flow. These activities are typically executed on a short term basis. As a market-maker we earn income due to: (1) difference between the price paid or received for the purchase and sale of the security (bid-ask spread), (2) the net interest income of the positions, and (3) the changes in fair value of the trading positions held on our balance sheet. Additionally, we may enter into separate derivative or security positions to manage our exposure related to our long and short trading positions taken in our market-making activities. Income earned on these market-making activities are reflected in the fair value changes of these positions recorded in net gains from trading activities.

# Note 5: Available-for-Sale and Held-to-Maturity Debt Securities

Table 5.1 provides the amortized cost and fair value by major categories of available-for-sale debt securities, which are carried at fair value, and held-to-maturity debt securities, which are carried at amortized cost. The net unrealized gains (losses) for available-for-sale debt securities are reported on an after-tax basis as a component of cumulative OCI. Information on debt securities held for trading is included in Note 4 (Trading Activities) to Financial Statements in this Report.

**Table 5.1: Amortized Cost and Fair Value**

| (in millions) | Amortized Cost | Gross unrealized gains | Gross unrealized losses | Fair value |
|---|---|---|---|---|
| **September 30, 2018** | | | | |
| **Available-for-sale debt securities:** | | | | |
| **Securities of U.S. Treasury and federal agencies** | **$ 6,347** | **1** | **(161)** | **6,187** |
| **Securities of U.S. states and political subdivisions (1)** | **47,565** | **984** | **(333)** | **48,216** |
| **Mortgage-backed securities:** | | | | |
| **Federal agencies** | **158,584** | **289** | **(5,362)** | **153,511** |
| **Residential** | **2,789** | **179** | **(2)** | **2,966** |
| **Commercial** | **3,910** | **67** | **(4)** | **3,973** |
| **Total mortgage-backed securities** | **165,283** | **535** | **(5,368)** | **160,450** |
| **Corporate debt securities** | **6,365** | **273** | **(24)** | **6,614** |
| **Collateralized loan and other debt obligations (2)** | **35,973** | **239** | **(18)** | **36,194** |
| **Other (3)** | **5,189** | **120** | **(6)** | **5,303** |
| **Total available-for-sale debt securities** | **266,722** | **2,152** | **(5,910)** | **262,964** |
| **Held-to-maturity debt securities:** | | | | |
| **Securities of U.S. Treasury and federal agencies** | **44,743** | **—** | **(1,075)** | **43,668** |
| **Securities of U.S. states and political subdivisions** | **6,293** | **15** | **(157)** | **6,151** |
| **Federal agency and other mortgage-backed securities (4)** | **93,020** | **7** | **(3,885)** | **89,142** |
| **Collateralized loan obligations** | **75** | **—** | **—** | **75** |
| **Other (3)** | **—** | **—** | **—** | **—** |
| **Total held-to-maturity debt securities** | **144,131** | **22** | **(5,117)** | **139,036** |
| **Total** | **$ 410,853** | **2,174** | **(11,027)** | **402,000** |
| December 31, 2017 | | | | |
| Available-for-sale debt securities: | | | | |
| Securities of U.S. Treasury and federal agencies | $ 6,425 | 2 | (108) | 6,319 |
| Securities of U.S. states and political subdivisions (1) | 50,733 | 1,032 | (439) | 51,326 |
| Mortgage-backed securities: | | | | |
| Federal agencies | 160,561 | 930 | (1,272) | 160,219 |
| Residential | 4,356 | 254 | (2) | 4,608 |
| Commercial | 4,487 | 80 | (2) | 4,565 |
| Total mortgage-backed securities | 169,404 | 1,264 | (1,276) | 169,392 |
| Corporate debt securities | 7,343 | 363 | (40) | 7,666 |
| Collateralized loan and other debt obligations (2) | 35,675 | 384 | (3) | 36,056 |
| Other (3) | 5,516 | 137 | (5) | 5,648 |
| Total available-for-sale debt securities | 275,096 | 3,182 | (1,871) | 276,407 |
| Held-to-maturity debt securities: | | | | |
| Securities of U.S. Treasury and federal agencies | 44,720 | 189 | (103) | 44,806 |
| Securities of U.S. states and political subdivisions | 6,313 | 84 | (43) | 6,354 |
| Federal agency and other mortgage-backed securities (4) | 87,527 | 201 | (682) | 87,046 |
| Collateralized loan obligations | 661 | 4 | — | 665 |
| Other (3) | 114 | — | — | 114 |
| Total held-to-maturity debt securities | 139,335 | 478 | (828) | 138,985 |
| Total | $ 414,431 | 3,660 | (2,699) | 415,392 |

(1) Available-for-sale debt securities include investments in tax-exempt preferred debt securities issued by investment funds or trusts that predominantly invest in tax-exempt municipal securities. The cost basis and fair value of these types of securities was $6.2 billion each at September 30, 2018, and $5.2 billion each at December 31, 2017.
(2) Available-for-sale debt securities include collateralized debt obligations (CDOs) with a cost basis and fair value of $690 million and $843 million, respectively, at September 30, 2018, and $887 million and $1.0 billion, respectively, at December 31, 2017.
(3) The "Other" category of available-for-sale debt securitieslargely includes asset-backed securities collateralized by student loans. Included in the "Other" category of held-to-maturity debt securities are asset-backed securities collateralized by automobile leases or loans and cash with a cost basis and fair value of $0 million each at September 30, 2018, and $114 million each at December 31, 2017.
(4) Predominantly consists of federal agency mortgage-backed securities at both September 30, 2018 and December 31, 2017.

**Gross Unrealized Losses and Fair Value**

Table 5.2 shows the gross unrealized losses and fair value of available-for-sale and held-to-maturity debt securities by length of time those individual securities in each category have been in a continuous loss position. Debt securities on which we have taken credit-related OTTI write-downs are categorized as being "less than 12 months" or "12 months or more" in a continuous loss position based on the point in time that the fair value declined to below the cost basis and not the period of time since the credit-related OTTI write-down.

**Table 5.2: Gross Unrealized Losses and Fair Value**

| | Less than 12 months | | 12 months or more | | Total | |
|---|---|---|---|---|---|---|
| (in millions) | Gross unrealized losses | Fair value | Gross unrealized losses | Fair value | Gross unrealized losses | Fair value |
| **September 30, 2018** | | | | | | |
| **Available-for-sale debt securities:** | | | | | | |
| **Securities of U.S. Treasury and federal agencies** | **$ (32)** | **1,705** | **(129)** | **4,444** | **(161)** | **6,149** |
| **Securities of U.S. states and political subdivisions** | **(26)** | **7,207** | **(307)** | **8,737** | **(333)** | **15,944** |
| **Mortgage-backed securities:** | | | | | | |
| **Federal agencies** | **(2,165)** | **82,975** | **(3,197)** | **63,029** | **(5,362)** | **146,004** |
| **Residential** | **(1)** | **169** | **(1)** | **52** | **(2)** | **221** |
| **Commercial** | **(3)** | **438** | **(1)** | **60** | **(4)** | **498** |
| **Total mortgage-backed securities** | **(2,169)** | **83,582** | **(3,199)** | **63,141** | **(5,368)** | **146,723** |
| **Corporate debt securities** | **(12)** | **658** | **(12)** | **246** | **(24)** | **904** |
| **Collateralized loan and other debt obligations** | **(17)** | **8,725** | **(1)** | **165** | **(18)** | **8,890** |
| **Other** | **(2)** | **476** | **(4)** | **153** | **(6)** | **629** |
| **Total available-for-sale debt securities** | **(2,258)** | **102,353** | **(3,652)** | **76,886** | **(5,910)** | **179,239** |
| **Held-to-maturity debt securities:** | | | | | | |
| **Securities of U.S. Treasury and federal agencies** | **(871)** | **39,298** | **(204)** | **4,370** | **(1,075)** | **43,668** |
| **Securities of U.S. states and political subdivisions** | **(62)** | **3,101** | **(95)** | **1,922** | **(157)** | **5,023** |
| **Federal agency and other mortgage-backed securities** | **(1,166)** | **37,313** | **(2,719)** | **50,258** | **(3,885)** | **87,571** |
| **Collateralized loan obligations** | **—** | **—** | **—** | **—** | **—** | **—** |
| **Total held-to-maturity debt securities** | **(2,099)** | **79,712** | **(3,018)** | **56,550** | **(5,117)** | **136,262** |
| **Total** | **$ (4,357)** | **182,065** | **(6,670)** | **133,436** | **(11,027)** | **315,501** |
| December 31, 2017 | | | | | | |
| Available-for-sale debt securities: | | | | | | |
| Securities of U.S. Treasury and federal agencies | $ (27) | 4,065 | (81) | 2,209 | (108) | 6,274 |
| Securities of U.S. states and political subdivisions | (17) | 6,179 | (422) | 11,766 | (439) | 17,945 |
| Mortgage-backed securities: | | | | | | |
| Federal agencies | (243) | 52,559 | (1,029) | 44,691 | (1,272) | 97,250 |
| Residential | (1) | 47 | (1) | 58 | (2) | 105 |
| Commercial | (1) | 101 | (1) | 133 | (2) | 234 |
| Total mortgage-backed securities | (245) | 52,707 | (1,031) | 44,882 | (1,276) | 97,589 |
| Corporate debt securities | (4) | 239 | (36) | 503 | (40) | 742 |
| Collateralized loan and other debt obligations | (1) | 373 | (2) | 146 | (3) | 519 |
| Other | (1) | 37 | (4) | 483 | (5) | 520 |
| Total available-for-sale debt securities | (295) | 63,600 | (1,576) | 59,989 | (1,871) | 123,589 |
| Held-to-maturity debt securities: | | | | | | |
| Securities of U.S. Treasury and federal agencies | (69) | 11,255 | (34) | 1,490 | (103) | 12,745 |
| Securities of U.S. states and political subdivisions | (5) | 500 | (38) | 1,683 | (43) | 2,183 |
| Federal agency and other mortgage-backed securities | (198) | 29,713 | (484) | 28,244 | (682) | 57,957 |
| Collateralized loan obligations | — | — | — | — | — | — |
| Total held-to-maturity debt securities | (272) | 41,468 | (556) | 31,417 | (828) | 72,885 |
| Total | $ (567) | 105,068 | (2,132) | 91,406 | (2,699) | 196,474 |

We have assessed each debt security with gross unrealized losses included in the previous table for credit impairment. As part of that assessment we evaluated and concluded that we do not intend to sell any of the debt securities and that it is more likely than not that we will not be required to sell prior to recovery of the amortized cost basis. We evaluate, where necessary, whether credit impairment exists by comparing the present value of the expected cash flows to the debt securities' amortized cost basis.

For descriptions of the factors we consider when analyzing debt securities for impairment, see Note 1 (Summary of Significant Accounting Policies) and Note 5 (Investment Securities) to Financial Statements in our 2017 Form 10-K. There were no material changes to our methodologies for assessing impairment in the first nine months of 2018.

Table 5.3 shows the gross unrealized losses and fair value of the available-for-sale and held-to-maturity debt securities by those rated investment grade and those rated less than investment grade, according to their lowest credit rating by Standard & Poor's Rating Services (S&P) or Moody's Investors Service (Moody's). Credit ratings express opinions about the credit quality of a debt security. Debt securities rated investment grade, that is those rated BBB- or higher by S&P or Baa3 or higher by Moody's, are generally considered by the rating agencies and market participants to be low credit risk. Conversely, debt securities rated below investment grade, labeled as "speculative grade" by the rating agencies, are considered to be distinctively higher credit risk than investment grade debt securities. We have also included debt securities not rated by S&P or Moody's in the table below based on our internal credit grade of the debt securities (used for credit risk management purposes) equivalent to the credit rating assigned by major credit agencies. The unrealized losses and fair value of unrated debt securities categorized as investment grade based on internal credit grades were $23 million and $5.5 billion, respectively, at September 30, 2018, and $32 million and $6.9 billion, respectively, at December 31, 2017. If an internal credit grade was not assigned, we categorized the debt security as non-investment grade.

**Table 5.3: Gross Unrealized Losses and Fair Value by Investment Grade**

| | Investment grade | | Non-investment grade | |
|---|---|---|---|---|
| (in millions) | Gross unrealized losses | Fair value | Gross unrealized losses | Fair value |
| **September 30, 2018** | | | | |
| **Available-for-sale debt securities:** | | | | |
| **Securities of U.S. Treasury and federal agencies** | **$ (161)** | **6,149** | **—** | **—** |
| **Securities of U.S. states and political subdivisions** | **(314)** | **15,661** | **(19)** | **283** |
| **Mortgage-backed securities:** | | | | |
| **Federal agencies** | **(5,362)** | **146,004** | **—** | **—** |
| **Residential** | **(1)** | **147** | **(1)** | **74** |
| **Commercial** | **(1)** | **429** | **(3)** | **69** |
| **Total mortgage-backed securities** | **(5,364)** | **146,580** | **(4)** | **143** |
| **Corporate debt securities** | **(4)** | **276** | **(20)** | **628** |
| **Collateralized loan and other debt obligations** | **(18)** | **8,890** | **—** | **—** |
| **Other** | **(3)** | **358** | **(3)** | **271** |
| **Total available-for-sale debt securities** | **(5,864)** | **177,914** | **(46)** | **1,325** |
| **Held-to-maturity debt securities:** | | | | |
| **Securities of U.S. Treasury and federal agencies** | **(1,075)** | **43,668** | **—** | **—** |
| **Securities of U.S. states and political subdivisions** | **(157)** | **5,023** | **—** | **—** |
| **Federal agency and other mortgage-backed securities** | **(3,873)** | **87,188** | **(12)** | **383** |
| **Collateralized loan obligations** | **—** | **—** | **—** | **—** |
| **Total held-to-maturity debt securities** | **(5,105)** | **135,879** | **(12)** | **383** |
| **Total** | **$ (10,969)** | **313,793** | **(58)** | **1,708** |
| December 31, 2017 | | | | |
| Available-for-sale debt securities: | | | | |
| Securities of U.S. Treasury and federal agencies | $ (108) | 6,274 | — | — |
| Securities of U.S. states and political subdivisions | (412) | 17,763 | (27) | 182 |
| Mortgage-backed securities: | | | | |
| Federal agencies | (1,272) | 97,250 | — | — |
| Residential | (1) | 42 | (1) | 63 |
| Commercial | (1) | 183 | (1) | 51 |
| Total mortgage-backed securities | (1,274) | 97,475 | (2) | 114 |
| Corporate debt securities | (13) | 304 | (27) | 438 |
| Collateralized loan and other debt obligations | (3) | 519 | — | — |
| Other | (2) | 469 | (3) | 51 |
| Total available-for-sale debt securities | (1,812) | 122,804 | (59) | 785 |
| Held-to-maturity debt securities: | | | | |
| Securities of U.S. Treasury and federal agencies | (103) | 12,745 | — | — |
| Securities of U.S. states and political subdivisions | (43) | 2,183 | — | — |
| Federal agency and other mortgage-backed securities | (680) | 57,789 | (2) | 168 |
| Collateralized loan obligations | — | — | — | — |
| Total held-to-maturity debt securities | (826) | 72,717 | (2) | 168 |
| Total | $ (2,638) | 195,521 | (61) | 953 |

## Contractual Maturities

Table 5.4 shows the remaining contractual maturities and contractual weighted-average yields (taxable-equivalent basis) of available-for-sale debt securities. The remaining contractual principal maturities for MBS do not consider prepayments. Remaining expected maturities will differ from contractual maturities because borrowers may have the right to prepay obligations before the underlying mortgages mature.

**Table 5.4: Contractual Maturities**

| | | | Remaining contractual maturity | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Total | | Within one year | | After one year through five years | | After five years through ten years | | After ten years | |
| (in millions) | amount | Yield | Amount | Yield | Amount | Yield | Amount | Yield | Amount | Yield |
| **September 30, 2018** | | | | | | | | | | |
| **Available-for-sale debt securities (1):** | | | | | | | | | | |
| **Fair value:** | | | | | | | | | | |
| **Securities of U.S. Treasury and federal agencies** | **$ 6,187** | **1.60%** | **$ 46** | **1.96%** | **$ 6,094** | **1.59%** | **$ 47** | **1.89%** | **$ —** | **—%** |
| **Securities of U.S. states and political subdivisions** | **48,216** | **4.73** | **4,216** | **2.75** | **6,507** | **3.33** | **4,251** | **3.31** | **33,242** | **5.43** |
| **Mortgage-backed securities:** | | | | | | | | | | |
| **Federal agencies** | **153,511** | **3.38** | **—** | **—** | **63** | **3.52** | **2,396** | **2.66** | **151,052** | **3.39** |
| **Residential** | **2,966** | **3.88** | **—** | **—** | **16** | **5.84** | **7** | **2.77** | **2,943** | **3.88** |
| **Commercial** | **3,973** | **3.55** | **—** | **—** | **—** | **—** | **311** | **3.50** | **3,662** | **3.56** |
| **Total mortgage-backed securities** | **160,450** | **3.39** | **—** | **—** | **79** | **4.01** | **2,714** | **2.75** | **157,657** | **3.41** |
| **Corporate debt securities** | **6,614** | **5.09** | **372** | **5.82** | **2,505** | **5.28** | **3,008** | **4.75** | **729** | **5.47** |
| **Collateralized loan and other debt obligations** | **36,194** | **3.77** | **—** | **—** | **33** | **3.73** | **10,592** | **3.78** | **25,569** | **3.76** |
| **Other** | **5,303** | **3.09** | **19** | **4.82** | **834** | **3.56** | **1,083** | **2.32** | **3,367** | **3.21** |
| **Total available-for-sale debt securities at fair value** | **$ 262,964** | **3.68%** | **$ 4,653** | **2.99%** | **$ 16,052** | **2.99%** | **$ 21,695** | **3.62%** | **$ 220,564** | **3.76%** |
| December 31, 2017 | | | | | | | | | | |
| Available-for-sale debt securities (1): | | | | | | | | | | |
| Fair value: | | | | | | | | | | |
| Securities of U.S. Treasury and federal agencies | $ 6,319 | 1.59 % | $ 81 | 1.37 % | $ 6,189 | 1.59 % | $ 49 | 1.89 % | $ — | — % |
| Securities of U.S. states and political subdivisions | 51,326 | 5.88 | 2,380 | 3.47 | 9,484 | 3.42 | 2,276 | 4.63 | 37,186 | 6.75 |
| Mortgage-backed securities: | | | | | | | | | | |
| Federal agencies | 160,219 | 3.27 | 15 | 2.03 | 210 | 3.08 | 5,534 | 2.82 | 154,460 | 3.28 |
| Residential | 4,608 | 3.52 | — | — | 24 | 5.67 | 11 | 2.46 | 4,573 | 3.51 |
| Commercial | 4,565 | 3.45 | — | — | — | — | 166 | 2.69 | 4,399 | 3.48 |
| Total mortgage-backed securities | 169,392 | 3.28 | 15 | 2.03 | 234 | 3.35 | 5,711 | 2.82 | 163,432 | 3.30 |
| Corporate debt securities | 7,666 | 5.12 | 443 | 5.54 | 2,738 | 5.56 | 3,549 | 4.70 | 936 | 5.26 |
| Collateralized loan and other debt obligations | 36,056 | 2.98 | — | — | 50 | 1.68 | 15,008 | 2.96 | 20,998 | 3.00 |
| Other | 5,648 | 2.46 | 71 | 3.56 | 463 | 2.72 | 1,466 | 2.13 | 3,648 | 2.53 |
| Total available-for-sale debt securities at fair value | $ 276,407 | 3.72 % | $ 2,990 | 3.70 % | $ 19,158 | 3.11 % | $ 28,059 | 3.24 % | $ 226,200 | 3.83 % |

(1) Weighted-average yields displayed by maturity bucket are weighted based on fair value and predominantly represent contractual coupon rates without effect for any related hedging derivatives.

Table 5.5 shows the amortized cost and weighted-average yields of held-to-maturity debt securities by contractual maturity.

**Table 5.5: Amortized Cost by Contractual Maturity**

| | | | Remaining contractual maturity | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Total | | Within one year | | After one year through five years | | After five years through ten years | | After ten years | |
| (in millions) | amount | Yield | Amount | Yield | Amount | Yield | Amount | Yield | Amount | Yield |
| **September 30, 2018** | | | | | | | | | | |
| **Held-to-maturity debt securities (1):** | | | | | | | | | | |
| **Amortized cost:** | | | | | | | | | | |
| **Securities of U.S. Treasury and federal agencies** | **$ 44,743** | **2.12%** | **$ —** | **—%** | **$ 32,349** | **2.04%** | **$ 12,394** | **2.32%** | **$ —** | **—%** |
| **Securities of U.S. states and political subdivisions** | **6,293** | **4.93** | **—** | **—** | **52** | **5.90** | **1,118** | **4.97** | **5,123** | **4.91** |
| **Federal agency and other mortgage-backed securities** | **93,020** | **3.09** | **—** | **—** | **15** | **3.40** | **11** | **3.10** | **92,994** | **3.09** |
| **Collateralized loan obligations** | **75** | **3.52** | **—** | **—** | **—** | **—** | **75** | **3.52** | **—** | **—** |
| **Other** | **—** | **—** | **—** | **—** | **—** | **—** | **—** | **—** | **—** | **—** |
| **Total held-to-maturity debt securities at amortized cost** | **$ 144,131** | **2.87%** | **$ —** | **—%** | **$ 32,416** | **2.05%** | **$ 13,598** | **2.54%** | **$ 98,117** | **3.19%** |
| December 31, 2017 | | | | | | | | | | |
| Held-to-maturity debt securities (1): | | | | | | | | | | |
| Amortized cost: | | | | | | | | | | |
| Securities of U.S. Treasury and federal agencies | $ 44,720 | 2.12 % | $ — | — % | $ 32,330 | 2.04 % | $ 12,390 | 2.32 % | $ — | — % |
| Securities of U.S. states and political subdivisions | 6,313 | 6.02 | — | — | 50 | 7.18 | 695 | 6.31 | 5,568 | 5.98 |
| Federal agency and other mortgage-backed securities | 87,527 | 3.11 | — | — | 15 | 2.81 | 11 | 2.49 | 87,501 | 3.11 |
| Collateralized loan obligations | 661 | 2.86 | — | — | — | — | 661 | 2.86 | — | — |
| Other | 114 | 1.83 | — | — | 114 | 1.83 | — | — | — | — |
| Total held-to-maturity debt securities at amortized cost | $ 139,335 | 2.92 % | $ — | — % | $ 32,509 | 2.05 % | $ 13,757 | 2.55 % | $ 93,069 | 3.28 % |

(1) Weighted-average yields displayed by maturity bucket are weighted based on amortized cost and predominantly represent contractual coupon rates.

Table 5.6 shows the fair value of held-to-maturity debt securities by contractual maturity.

**Table 5.6: Fair Value by Contractual Maturity**

| | | Remaining contractual maturity | | | |
|---|---|---|---|---|---|
| | Total | Within one year | After one year through five years | After five years through ten years | After ten years |
| (in millions) | amount | Amount | Amount | Amount | Amount |
| **September 30, 2018** | | | | | |
| **Held-to-maturity debt securities:** | | | | | |
| **Fair value:** | | | | | |
| **Securities of U.S. Treasury and federal agencies** | **$ 43,668** | **—** | **31,700** | **11,968** | **—** |
| **Securities of U.S. states and political subdivisions** | **6,151** | **—** | **50** | **1,111** | **4,990** |
| **Federal agency and other mortgage-backed securities** | **89,142** | **—** | **15** | **11** | **89,116** |
| **Collateralized loan obligations** | **75** | **—** | **—** | **75** | **—** |
| **Other** | **—** | **—** | **—** | **—** | **—** |
| **Total held-to-maturity debt securities at fair value** | **$ 139,036** | **—** | **31,765** | **13,165** | **94,106** |
| December 31, 2017 | | | | | |
| Held-to-maturity debt securities: | | | | | |
| Fair value: | | | | | |
| Securities of U.S. Treasury and federal agencies | $ 44,806 | — | 32,388 | 12,418 | — |
| Securities of U.S. states and political subdivisions | 6,354 | — | 49 | 701 | 5,604 |
| Federal agency and other mortgage-backed securities | 87,046 | — | 15 | 11 | 87,020 |
| Collateralized loan obligations | 665 | — | — | 665 | — |
| Other | 114 | — | 114 | — | — |
| Total held-to-maturity debt securities at fair value | $ 138,985 | — | 32,566 | 13,795 | 92,624 |

## Realized Gains and Losses

Table 5.7 shows the gross realized gains and losses on sales and OTTI write-downs related to available-for-sale debt securities.

**Table 5.7: Realized Gains and Losses**

| | Quarter ended September 30, | | Nine months ended September 30, | |
|---|---|---|---|---|
| (in millions) | **2018** | 2017 | **2018** | 2017 |
| Gross realized gains | **$ 65** | 191 | **139** | 531 |
| Gross realized losses | **(3)** | (18) | **(17)** | (102) |
| OTTI write-downs | **(5)** | (7) | **(23)** | (107) |
| Net realized gains from available-for-sale debt securities | **$ 57** | 166 | **99** | 322 |

## Other-Than-Temporarily Impaired Debt Securities

Table 5.8 shows the detail of total OTTI write-downs included in earnings for available-for-sale debt securities. There were no OTTI write-downs on held-to-maturity debt securities during the first nine months of 2018 and 2017.

**Table 5.8: Detail of OTTI Write-downs**

| | Quarter ended September 30, | | Nine months ended September 30, | |
|---|---|---|---|---|
| (in millions) | **2018** | 2017 | **2018** | 2017 |
| **Debt securities OTTI write-downs included in earnings:** | | | | |
| Securities of U.S. states and political subdivisions | **$ —** | 1 | **2** | 9 |
| Mortgage-backed securities: | | | | |
| Residential | **—** | 1 | **2** | 7 |
| Commercial | **1** | 4 | **15** | 70 |
| Corporate debt securities | **—** | 1 | **—** | 21 |
| Other debt securities | **4** | — | **4** | — |
| Total debt securities OTTI write-downs included in earnings | **$ 5** | 7 | **23** | 107 |

Table 5.9 shows the detail of OTTI write-downs on available-for-sale debt securities included in earnings and the related changes in OCI for the same securities.

**Table 5.9: OTTI Write-downs Included in Earnings and the Related Changes in OCI**

| | Quarter ended September 30, | | Nine months ended September 30, | |
|---|---|---|---|---|
| (in millions) | **2018** | 2017 | **2018** | 2017 |
| **OTTI on debt securities** | | | | |
| Recorded as part of gross realized losses: | | | | |
| Credit-related OTTI | **$ 5** | 6 | **22** | 105 |
| Intent-to-sell OTTI | **—** | 1 | **1** | 2 |
| Total recorded as part of gross realized losses | **5** | 7 | **23** | 107 |
| Changes to OCI for losses (reversal of losses) in non-credit-related OTTI (1): | | | | |
| Securities of U.S. states and political subdivisions | **—** | — | **(2)** | (5) |
| Residential mortgage-backed securities | **—** | (1) | **(1)** | (1) |
| Commercial mortgage-backed securities | **(5)** | — | **(6)** | (47) |
| Corporate debt securities | **—** | — | **—** | 1 |
| Other debt securities | **—** | (1) | **—** | (1) |
| Total changes to OCI for non-credit-related OTTI | **(5)** | (2) | **(9)** | (53) |
| Total OTTI losses (reversal of losses) recorded on debt securities | **$ —** | 5 | **14** | 54 |

(1) Represents amounts recorded to OCI for impairment of debt securities, due to factors other than credit, that have also had credit-related OTTI write-downs during the period. Increases represent initial or subsequent non-credit-related OTTI on debt securities. Decreases represent partial to full reversal of impairment due to recoveries in the fair value of debt securities due to non-credit factors.

Table 5.10 presents a rollforward of the OTTI credit loss that has been recognized in earnings as a write-down of available-for-sale debt securities we still own (referred to as "credit-impaired" debt securities) and do not intend to sell. Recognized credit loss represents the difference between the present value of expected future cash flows discounted using the security's current effective interest rate and the amortized cost basis of the security prior to considering credit loss.

**Table 5.10: Rollforward of OTTI Credit Loss**

| | Quarter ended September 30, | | Nine months ended September 30, | |
|---|---|---|---|---|
| (in millions) | **2018** | 2017 | **2018** | 2017 |
| **Credit loss recognized, beginning of period** | **$ 626** | 1,120 | **742** | 1,043 |
| Additions: | | | | |
| For securities with initial credit impairments | **—** | — | **—** | 8 |
| For securities with previous credit impairments | **5** | 6 | **22** | 97 |
| Total additions | **5** | 6 | **22** | 105 |
| Reductions: | | | | |
| For securities sold, matured, or intended/required to be sold | **(68)** | (96) | **(199)** | (114) |
| For recoveries of previous credit impairments (1) | **—** | (1) | **(2)** | (5) |
| Total reductions | **(68)** | (97) | **(201)** | (119) |
| **Credit loss recognized, end of period** | **$ 563** | 1,029 | **563** | 1,029 |

(1) Recoveries of previous credit impairments result from increases in expected cash flows subsequent to credit loss recognition. Such recoveries are reflected prospectively as interest yield adjustments using the effective interest method.

# Note 6: Loans and Allowance for Credit Losses

Table 6.1 presents total loans outstanding by portfolio segment and class of financing receivable. Outstanding balances include a total net reduction of $2.0 billion and $3.9 billion at September 30, 2018, and December 31, 2017, respectively, for unearned income, net deferred loan fees, and unamortized discounts and premiums, which among other things, reflect the impact of various loan sales.

**Table 6.1: Loans Outstanding**

| (in millions) | | Sep 30, 2018 | Dec 31, 2017 |
|---|---|---|---|
| Commercial: | | | |
| Commercial and industrial | $ | **338,048** | 333,125 |
| Real estate mortgage | | **120,403** | 126,599 |
| Real estate construction | | **23,690** | 24,279 |
| Lease financing | | **19,745** | 19,385 |
| Total commercial | | **501,886** | 503,388 |
| Consumer: | | | |
| Real estate 1-4 family first mortgage | | **284,273** | 284,054 |
| Real estate 1-4 family junior lien mortgage | | **35,330** | 39,713 |
| Credit card | | **37,812** | 37,976 |
| Automobile | | **46,075** | 53,371 |
| Other revolving credit and installment | | **36,924** | 38,268 |
| Total consumer | | **440,414** | 453,382 |
| Total loans | $ | **942,300** | 956,770 |

Our foreign loans are reported by respective class of financing receivable in the table above. Substantially all of our foreign loan portfolio is commercial loans. Loans are classified as foreign primarily based on whether the borrower's primary address is outside of the United States. Table 6.2 presents total commercial foreign loans outstanding by class of financing receivable.

**Table 6.2: Commercial Foreign Loans Outstanding**

| (in millions) | | Sep 30, 2018 | Dec 31, 2017 |
|---|---|---|---|
| Commercial foreign loans: | | | |
| Commercial and industrial | $ | **61,696** | 60,106 |
| Real estate mortgage | | **6,891** | 8,033 |
| Real estate construction | | **726** | 655 |
| Lease financing | | **1,187** | 1,126 |
| Total commercial foreign loans | $ | **70,500** | 69,920 |

## Loan Purchases, Sales, and Transfers

Table 6.3 summarizes the proceeds paid or received for purchases and sales of loans and transfers from loans held for investment to mortgages/loans held for sale at lower of cost or fair value. This loan activity also includes participating interests, whereby we receive or transfer a portion of a loan. The table excludes PCI loans and loans for which we have elected the fair value option, including loans originated for sale because their loan activity normally does not impact the allowance for credit losses.

**Table 6.3: Loan Purchases, Sales, and Transfers**

| | | | 2018 | | | 2017 |
|---|---|---|---|---|---|---|
| (in millions) | **Commercial** | **Consumer (1)** | **Total** | Commercial | Consumer (1) | Total |
| **Quarter ended September 30,** | | | | | | |
| Purchases | **$ 225** | **4** | **229** | 449 | — | 449 |
| Sales | **(438)** | **(113)** | **(551)** | (310) | (145) | (455) |
| Transfers (to) from MLHFS/LHFS | **(21)** | **(371)** | **(392)** | 374 | — | 374 |
| **Nine months ended September 30,** | | | | | | |
| Purchases | **$ 879** | **11** | **890** | 2,418 | 2 | 2,420 |
| Sales | **(1,192)** | **(201)** | **(1,393)** | (1,649) | (291) | (1,940) |
| Transfers (to) from MLHFS/LHFS | **(541)** | **(1,996)** | **(2,537)** | (284) | (1) | (285) |

(1) Excludes activity in government insured/guaranteed real estate 1-4 family first mortgage loans. As servicer, we are able to buy delinquent insured/guaranteed loans out of the Government National Mortgage Association (GNMA) pools, and manage and/or resell them in accordance with applicable requirements. These loans are predominantly insured by the Federal Housing Administration (FHA) or guaranteed by the Department of Veterans Affairs (VA). Accordingly, these loans have limited impact on the allowance for loan losses.

## Commitments to Lend

A commitment to lend is a legally binding agreement to lend funds to a customer, usually at a stated interest rate, if funded, and for specific purposes and time periods. We generally require a fee to extend such commitments. Certain commitments are subject to loan agreements with covenants regarding the financial performance of the customer or borrowing base formulas on an ongoing basis that must be met before we are required to fund the commitment. We may reduce or cancel consumer commitments, including home equity lines and credit card lines, in accordance with the contracts and applicable law.

We may, as a representative for other lenders, advance funds or provide for the issuance of letters of credit under syndicated loan or letter of credit agreements. Any advances are generally repaid in less than a week and would normally require default of both the customer and another lender to expose us to loss. These temporary advance arrangements totaled approximately $92 billion and $85 billion at September 30, 2018 and December 31, 2017, respectively.

We issue commercial letters of credit to assist customers in purchasing goods or services, typically for international trade. At September 30, 2018, and December 31, 2017, we had $1.1 billion and $982 million, respectively, of outstanding issued commercial letters of credit. We also originate multipurpose lending commitments under which borrowers have the option to draw on the facility for different purposes in one of several forms, including a standby letter of credit. See Note 12 (Guarantees, Pledged Assets and Collateral, and Other Commitments) for additional information on standby letters of credit.

When we make commitments, we are exposed to credit risk. The maximum credit risk for these commitments will generally be lower than the contractual amount because a significant portion of these commitments is expected to expire without being used by the customer. In addition, we manage the potential risk in commitments to lend by limiting the total amount of commitments, both by individual customer and in total, by monitoring the size and maturity structure of these commitments and by applying the same credit standards for these commitments as for all of our credit activities.

For loans and commitments to lend, we generally require collateral or a guarantee. We may require various types of collateral, including commercial and consumer real estate, automobiles, other short-term liquid assets such as accounts receivable or inventory and long-lived assets, such as equipment and other business assets. Collateral requirements for each loan or commitment may vary based on the loan product and our assessment of a customer's credit risk according to the specific credit underwriting, including credit terms and structure.

The contractual amount of our unfunded credit commitments, including unissued standby and commercial letters of credit, is summarized by portfolio segment and class of financing receivable in Table 6.4. The table excludes the issued standby and commercial letters of credit and temporary advance arrangements described above.

**Table 6.4: Unfunded Credit Commitments**

| (in millions) | **Sep 30, 2018** | Dec 31, 2017 |
|---|---|---|
| Commercial: | | |
| Commercial and industrial | **$330,296** | 326,626 |
| Real estate mortgage | **7,042** | 7,485 |
| Real estate construction | **15,198** | 16,621 |
| Total commercial | **352,536** | 350,732 |
| Consumer: | | |
| Real estate 1-4 family first mortgage | **30,566** | 29,876 |
| Real estate 1-4 family junior lien mortgage | **37,959** | 38,897 |
| Credit card | **109,871** | 108,465 |
| Other revolving credit and installment | **27,832** | 27,541 |
| Total consumer | **206,228** | 204,779 |
| Total unfunded credit commitments | **$558,764** | 555,511 |

## Allowance for Credit Losses

Table 6.5 presents the allowance for credit losses, which consists of the allowance for loan losses and the allowance for unfunded credit commitments.

**Table 6.5: Allowance for Credit Losses**

| | Quarter ended September 30, | | Nine months ended September 30, | |
|---|---|---|---|---|
| (in millions) | **2018** | 2017 | **2018** | 2017 |
| **Balance, beginning of period** | **$ 11,110** | 12,146 | **11,960** | 12,540 |
| Provision for credit losses | **580** | 717 | **1,223** | 1,877 |
| Interest income on certain impaired loans (1) | **(42)** | (43) | **(128)** | (137) |
| Loan charge-offs: | | | | |
| Commercial: | | | | |
| Commercial and industrial | **(209)** | (194) | **(507)** | (608) |
| Real estate mortgage | **(9)** | (21) | **(30)** | (34) |
| Real estate construction | **—** | — | **—** | — |
| Lease financing | **(15)** | (11) | **(52)** | (31) |
| Total commercial | **(233)** | (226) | **(589)** | (673) |
| Consumer: | | | | |
| Real estate 1-4 family first mortgage | **(45)** | (67) | **(141)** | (191) |
| Real estate 1-4 family junior lien mortgage | **(47)** | (70) | **(141)** | (225) |
| Credit card | **(376)** | (337) | **(1,185)** | (1,083) |
| Automobile | **(214)** | (274) | **(730)** | (741) |
| Other revolving credit and installment | **(161)** | (170) | **(505)** | (544) |
| Total consumer | **(843)** | (918) | **(2,702)** | (2,784) |
| Total loan charge-offs | **(1,076)** | (1,144) | **(3,291)** | (3,457) |
| Loan recoveries: | | | | |
| Commercial: | | | | |
| Commercial and industrial | **61** | 69 | **216** | 234 |
| Real estate mortgage | **10** | 24 | **46** | 68 |
| Real estate construction | **2** | 15 | **12** | 27 |
| Lease financing | **8** | 5 | **18** | 13 |
| Total commercial | **81** | 113 | **292** | 342 |
| Consumer: | | | | |
| Real estate 1-4 family first mortgage | **70** | 83 | **207** | 216 |
| Real estate 1-4 family junior lien mortgage | **56** | 69 | **171** | 205 |
| Credit card | **77** | 60 | **231** | 177 |
| Automobile | **84** | 72 | **279** | 246 |
| Other revolving credit and installment | **28** | 30 | **88** | 94 |
| Total consumer | **315** | 314 | **976** | 938 |
| Total loan recoveries | **396** | 427 | **1,268** | 1,280 |
| Net loan charge-offs | **(680)** | (717) | **(2,023)** | (2,177) |
| Other | **(12)** | 6 | **(76)** | 6 |
| **Balance, end of period** | **$ 10,956** | 12,109 | **10,956** | 12,109 |
| Components: | | | | |
| Allowance for loan losses | **$ 10,021** | 11,078 | **10,021** | 11,078 |
| Allowance for unfunded credit commitments | **935** | 1,031 | **935** | 1,031 |
| Allowance for credit losses | **$ 10,956** | 12,109 | **10,956** | 12,109 |
| Net loan charge-offs (annualized) as a percentage of average total loans | **0.29%** | 0.30 | **0.29** | 0.30 |
| Allowance for loan losses as a percentage of total loans | **1.06** | 1.16 | **1.06** | 1.16 |
| Allowance for credit losses as a percentage of total loans | **1.16** | 1.27 | **1.16** | 1.27 |

(1) Certain impaired loans with an allowance calculated by discounting expected cash flows using the loan's effective interest rate over the remaining life of the loan recognize changes in allowance attributable to the passage of time as interest income.

Table 6.6 summarizes the activity in the allowance for credit losses by our commercial and consumer portfolio segments.

**Table 6.6: Allowance Activity by Portfolio Segment**

| (in millions) | 2018 Commercial | 2018 Consumer | 2018 Total | 2017 Commercial | 2017 Consumer | 2017 Total |
|---|---|---|---|---|---|---|
| **Quarter ended September 30,** | | | | | | |
| Balance, beginning of period | **$ 6,711** | **4,399** | **11,110** | 6,961 | 5,185 | 12,146 |
| Provision (reversal of provision) for credit losses | **22** | **558** | **580** | (9) | 726 | 717 |
| Interest income on certain impaired loans | **(12)** | **(30)** | **(42)** | (13) | (30) | (43) |
| Loan charge-offs | **(233)** | **(843)** | **(1,076)** | (226) | (918) | (1,144) |
| Loan recoveries | **81** | **315** | **396** | 113 | 314 | 427 |
| Net loan charge-offs | **(152)** | **(528)** | **(680)** | (113) | (604) | (717) |
| Other | **(1)** | **(11)** | **(12)** | 6 | — | 6 |
| Balance, end of period | **$ 6,568** | **4,388** | **10,956** | 6,832 | 5,277 | 12,109 |
| **Nine months ended September 30,** | | | | | | |
| Balance, beginning of period | **$ 6,632** | **5,328** | **11,960** | 7,394 | 5,146 | 12,540 |
| Provision (reversal of provision) for credit losses | **280** | **943** | **1,223** | (195) | 2,072 | 1,877 |
| Interest income on certain impaired loans | **(37)** | **(91)** | **(128)** | (42) | (95) | (137) |
| Loan charge-offs | **(589)** | **(2,702)** | **(3,291)** | (673) | (2,784) | (3,457) |
| Loan recoveries | **292** | **976** | **1,268** | 342 | 938 | 1,280 |
| Net loan charge-offs | **(297)** | **(1,726)** | **(2,023)** | (331) | (1,846) | (2,177) |
| Other | **(10)** | **(66)** | **(76)** | 6 | — | 6 |
| Balance, end of period | **$ 6,568** | **4,388** | **10,956** | 6,832 | 5,277 | 12,109 |

Table 6.7 disaggregates our allowance for credit losses and recorded investment in loans by impairment methodology.

**Table 6.7: Allowance by Impairment Methodology**

| (in millions) | Allowance for credit losses Commercial | Consumer | Total | Recorded investment in loans Commercial | Consumer | Total |
|---|---|---|---|---|---|---|
| **September 30, 2018** | | | | | | |
| **Collectively evaluated (1)** | **$ 6,062** | **3,407** | **9,469** | **498,353** | **420,014** | **918,367** |
| **Individually evaluated (2)** | **499** | **981** | **1,480** | **3,488** | **13,504** | **16,992** |
| **PCI (3)** | **7** | **—** | **7** | **45** | **6,896** | **6,941** |
| **Total** | **$ 6,568** | **4,388** | **10,956** | **501,886** | **440,414** | **942,300** |
| December 31, 2017 | | | | | | |
| Collectively evaluated (1) | $ 5,927 | 4,143 | 10,070 | 499,342 | 425,919 | 925,261 |
| Individually evaluated (2) | 705 | 1,185 | 1,890 | 3,960 | 14,714 | 18,674 |
| PCI (3) | — | — | — | 86 | 12,749 | 12,835 |
| Total | $ 6,632 | 5,328 | 11,960 | 503,388 | 453,382 | 956,770 |

(1) Represents loans collectively evaluated for impairment in accordance with Accounting Standards Codification (ASC) 450-20, *Loss Contingencies* (formerly FAS 5), and pursuant to amendments by ASU 2010-20 regarding allowance for non-impaired loans.
(2) Represents loans individually evaluated for impairment in accordance with ASC 310-10, *Receivables* (formerly FAS 114), and pursuant to amendments by ASU 2010-20 regarding allowance for impaired loans.
(3) Represents the allowance and related loan carrying value determined in accordance with ASC 310-30, *Receivables – Loans and Debt Securities Acquired with Deteriorated Credit Quality* (formerly SOP 03-3) and pursuant to amendments by ASU 2010-20 regarding allowance for PCI loans.

## Credit Quality

We monitor credit quality by evaluating various attributes and utilize such information in our evaluation of the appropriateness of the allowance for credit losses. The following sections provide the credit quality indicators we most closely monitor. The credit quality indicators are generally based on information as of our financial statement date, with the exception of updated Fair Isaac Corporation (FICO) scores and updated loan-to-value (LTV)/ combined LTV (CLTV). We obtain FICO scores at loan origination and the scores are generally updated at least quarterly, except in limited circumstances, including compliance with the Fair Credit Reporting Act (FCRA). Generally, the LTV and CLTV indicators are updated in the second month of each quarter, with updates no older than June 30, 2018. See the "Purchased Credit-Impaired Loans" section in this Note for credit quality information on our PCI portfolio.

**COMMERCIAL CREDIT QUALITY INDICATORS** In addition to monitoring commercial loan concentration risk, we manage a consistent process for assessing commercial loan credit quality. Generally, commercial loans are subject to individual risk assessment using our internal borrower and collateral quality ratings. Our ratings are aligned to Pass and Criticized categories. The Criticized category includes Special Mention, Substandard, and Doubtful categories which are defined by bank regulatory agencies.

Table 6.8 provides a breakdown of outstanding commercial loans by risk category. Of the $15.7 billion in criticized commercial and industrial loans and $4.7 billion in criticized commercial real estate (CRE) loans at September 30, 2018, $1.6 billion and $647 million, respectively, have been placed on nonaccrual status and written down to net realizable collateral value.

**Table 6.8: Commercial Loans by Risk Category**

| (in millions) | Commercial and industrial | Real estate mortgage | Real estate construction | Lease financing | Total |
|---|---|---|---|---|---|
| **September 30, 2018** | | | | | |
| **By risk category:** | | | | | |
| **Pass** | **$ 322,264** | **115,970** | **23,419** | **18,751** | **480,404** |
| **Criticized** | **15,739** | **4,433** | **271** | **994** | **21,437** |
| **Total commercial loans (excluding PCI)** | **338,003** | **120,403** | **23,690** | **19,745** | **501,841** |
| **Total commercial PCI loans (carrying value)** | **45** | **—** | **—** | **—** | **45** |
| **Total commercial loans** | **$ 338,048** | **120,403** | **23,690** | **19,745** | **501,886** |
| December 31, 2017 | | | | | |
| By risk category: | | | | | |
| Pass | $ 316,431 | 122,312 | 23,981 | 18,162 | 480,886 |
| Criticized | 16,608 | 4,287 | 298 | 1,223 | 22,416 |
| Total commercial loans (excluding PCI) | 333,039 | 126,599 | 24,279 | 19,385 | 503,302 |
| Total commercial PCI loans (carrying value) | 86 | — | — | — | 86 |
| Total commercial loans | $ 333,125 | 126,599 | 24,279 | 19,385 | 503,388 |

Table 6.9 provides past due information for commercial loans, which we monitor as part of our credit risk management practices.

**Table 6.9: Commercial Loans by Delinquency Status**

| (in millions) | Commercial and industrial | Real estate mortgage | Real estate construction | Lease financing | Total |
|---|---|---|---|---|---|
| **September 30, 2018** | | | | | |
| **By delinquency status:** | | | | | |
| **Current-29 days past due (DPD) and still accruing** | **$ 336,004** | **119,445** | **23,506** | **19,494** | **498,449** |
| **30-89 DPD and still accruing** | **402** | **299** | **140** | **155** | **996** |
| **90+ DPD and still accruing** | **42** | **56** | **—** | **—** | **98** |
| **Nonaccrual loans** | **1,555** | **603** | **44** | **96** | **2,298** |
| **Total commercial loans (excluding PCI)** | **338,003** | **120,403** | **23,690** | **19,745** | **501,841** |
| **Total commercial PCI loans (carrying value)** | **45** | **—** | **—** | **—** | **45** |
| **Total commercial loans** | **$ 338,048** | **120,403** | **23,690** | **19,745** | **501,886** |
| December 31, 2017 | | | | | |
| By delinquency status: | | | | | |
| Current-29 DPD and still accruing | $ 330,319 | 125,642 | 24,107 | 19,148 | 499,216 |
| 30-89 DPD and still accruing | 795 | 306 | 135 | 161 | 1,397 |
| 90+ DPD and still accruing | 26 | 23 | — | — | 49 |
| Nonaccrual loans | 1,899 | 628 | 37 | 76 | 2,640 |
| Total commercial loans (excluding PCI) | 333,039 | 126,599 | 24,279 | 19,385 | 503,302 |
| Total commercial PCI loans (carrying value) | 86 | — | — | — | 86 |
| Total commercial loans | $ 333,125 | 126,599 | 24,279 | 19,385 | 503,388 |

**CONSUMER CREDIT QUALITY INDICATORS** We have various classes of consumer loans that present unique risks. Loan delinquency, FICO credit scores and LTV for loan types are common credit quality indicators that we monitor and utilize in our evaluation of the appropriateness of the allowance for credit losses for the consumer portfolio segment.

Many of our loss estimation techniques used for the allowance for credit losses rely on delinquency-based models; therefore, delinquency is an important indicator of credit quality and the establishment of our allowance for credit losses. Table 6.10 provides the outstanding balances of our consumer portfolio by delinquency status.

**Table 6.10: Consumer Loans by Delinquency Status**

| (in millions) | Real estate 1-4 family first mortgage | Real estate 1-4 family junior lien mortgage | Credit card | Automobile | Other revolving credit and installment | Total |
|---|---|---|---|---|---|---|
| **September 30, 2018** | | | | | | |
| **By delinquency status:** | | | | | | |
| **Current-29 DPD** | **$ 261,118** | **34,551** | **36,871** | **44,661** | **36,590** | **413,791** |
| **30-59 DPD** | **1,498** | **253** | **284** | **1,005** | **119** | **3,159** |
| **60-89 DPD** | **531** | **126** | **197** | **300** | **94** | **1,248** |
| **90-119 DPD** | **232** | **73** | **173** | **108** | **74** | **660** |
| **120-179 DPD** | **239** | **82** | **286** | **1** | **24** | **632** |
| **180+ DPD** | **891** | **227** | **1** | **—** | **23** | **1,142** |
| **Government insured/guaranteed loans (1)** | **12,886** | **—** | **—** | **—** | **—** | **12,886** |
| **Total consumer loans (excluding PCI)** | **277,395** | **35,312** | **37,812** | **46,075** | **36,924** | **433,518** |
| **Total consumer PCI loans (carrying value)** | **6,878** | **18** | **—** | **—** | **—** | **6,896** |
| **Total consumer loans** | **$ 284,273** | **35,330** | **37,812** | **46,075** | **36,924** | **440,414** |
| December 31, 2017 | | | | | | |
| By delinquency status: | | | | | | |
| Current-29 DPD | $ 251,786 | 38,746 | 36,996 | 51,445 | 37,885 | 416,858 |
| 30-59 DPD | 1,893 | 336 | 287 | 1,385 | 155 | 4,056 |
| 60-89 DPD | 742 | 163 | 201 | 392 | 93 | 1,591 |
| 90-119 DPD | 369 | 103 | 192 | 146 | 80 | 890 |
| 120-179 DPD | 308 | 95 | 298 | 3 | 30 | 734 |
| 180+ DPD | 1,091 | 243 | 2 | — | 25 | 1,361 |
| Government insured/guaranteed loans (1) | 15,143 | — | — | — | — | 15,143 |
| Total consumer loans (excluding PCI) | 271,332 | 39,686 | 37,976 | 53,371 | 38,268 | 440,633 |
| Total consumer PCI loans (carrying value) | 12,722 | 27 | — | — | — | 12,749 |
| Total consumer loans | $ 284,054 | 39,713 | 37,976 | 53,371 | 38,268 | 453,382 |

(1) Represents loans whose repayments are predominantly insured by the FHA or guaranteed by the VA. Loans insured/guaranteed by the FHA/VA and 90+ DPD totaled $7.9 billion at September 30, 2018, compared with $10.5 billion at December 31, 2017.

Of the $2.4 billion of consumer loans not government insured/guaranteed that are 90 days or more past due at September 30, 2018, $835 million was accruing, compared with $3.0 billion past due and $1.0 billion accruing at December 31, 2017.

Real estate 1-4 family first mortgage loans 180 days or more past due totaled $891 million, or 0.3% of total first mortgages (excluding PCI), at September 30, 2018, compared with $1.1 billion, or 0.4%, at December 31, 2017.

Table 6.11 provides a breakdown of our consumer portfolio by FICO. Most of the scored consumer portfolio has an updated FICO of 680 and above, reflecting a strong current borrower credit profile. FICO is not available for certain loan types, or may not be required if we deem it unnecessary due to strong collateral and other borrower attributes. Substantially all loans not requiring a FICO score are securities-based loans originated through retail brokerage, and totaled $9.0 billion at September 30, 2018, and $8.5 billion at December 31, 2017.

**Table 6.11: Consumer Loans by FICO**

| (in millions) | Real estate 1-4 family first mortgage (1) | Real estate 1-4 family junior lien mortgage (1) | Credit card | Automobile | Other revolving credit and installment | Total |
|---|---|---|---|---|---|---|
| **September 30, 2018** | | | | | | |
| **By FICO:** | | | | | | |
| **< 600** | **$ 4,363** | **1,485** | **3,476** | **7,237** | **753** | **17,314** |
| **600-639** | **3,017** | **1,044** | **3,005** | **4,546** | **785** | **12,397** |
| **640-679** | **5,840** | **1,968** | **5,504** | **6,383** | **1,749** | **21,444** |
| **680-719** | **13,813** | **4,073** | **7,553** | **7,524** | **3,246** | **36,209** |
| **720-759** | **27,330** | **5,487** | **8,223** | **6,991** | **4,728** | **52,759** |
| **760-799** | **57,101** | **6,494** | **6,470** | **6,008** | **5,863** | **81,936** |
| **800+** | **147,812** | **13,401** | **3,040** | **7,252** | **8,276** | **179,781** |
| **No FICO available** | **5,233** | **1,360** | **541** | **134** | **2,568** | **9,836** |
| **FICO not required** | **—** | **—** | **—** | **—** | **8,956** | **8,956** |
| **Government insured/guaranteed loans (1)** | **12,886** | **—** | **—** | **—** | **—** | **12,886** |
| **Total consumer loans (excluding PCI)** | **277,395** | **35,312** | **37,812** | **46,075** | **36,924** | **433,518** |
| **Total consumer PCI loans (carrying value)** | **6,878** | **18** | **—** | **—** | **—** | **6,896** |
| **Total consumer loans** | **$ 284,273** | **35,330** | **37,812** | **46,075** | **36,924** | **440,414** |
| December 31, 2017 | | | | | | |
| By FICO: | | | | | | |
| < 600 | $ 5,145 | 1,768 | 3,525 | 8,858 | 863 | 20,159 |
| 600-639 | 3,487 | 1,253 | 3,101 | 5,615 | 904 | 14,360 |
| 640-679 | 6,789 | 2,387 | 5,690 | 7,696 | 1,959 | 24,521 |
| 680-719 | 14,977 | 4,797 | 7,628 | 8,825 | 3,582 | 39,809 |
| 720-759 | 27,926 | 6,246 | 8,097 | 7,806 | 5,089 | 55,164 |
| 760-799 | 55,590 | 7,323 | 6,372 | 6,468 | 6,257 | 82,010 |
| 800+ | 136,729 | 15,144 | 2,994 | 7,845 | 8,455 | 171,167 |
| No FICO available | 5,546 | 768 | 569 | 258 | 2,648 | 9,789 |
| FICO not required | — | — | — | — | 8,511 | 8,511 |
| Government insured/guaranteed loans (1) | 15,143 | — | — | — | — | 15,143 |
| Total consumer loans (excluding PCI) | 271,332 | 39,686 | 37,976 | 53,371 | 38,268 | 440,633 |
| Total consumer PCI loans (carrying value) | 12,722 | 27 | — | — | — | 12,749 |
| Total consumer loans | $ 284,054 | 39,713 | 37,976 | 53,371 | 38,268 | 453,382 |

(1) Represents loans whose repayments are predominantly insured by the FHA or guaranteed by the VA.

LTV refers to the ratio comparing the loan's unpaid principal balance to the property's collateral value. CLTV refers to the combination of first mortgage and junior lien mortgage (including unused line amounts for credit line products) ratios. LTVs and CLTVs are updated quarterly using a cascade approach which first uses values provided by automated valuation models (AVMs) for the property. If an AVM is not available, then the value is estimated using the original appraised value adjusted by the change in Home Price Index (HPI) for the property location. If an HPI is not available, the original appraised value is used. The HPI value is normally the only method considered for high value properties, generally with an original value of $1 million or more, as the AVM values have proven less accurate for these properties.

Table 6.12 shows the most updated LTV and CLTV distribution of the real estate 1-4 family first and junior lien mortgage loan portfolios. We consider the trends in residential real estate markets as we monitor credit risk and establish our allowance for credit losses. In the event of a default, any loss should be limited to the portion of the loan amount in excess of the net realizable value of the underlying real estate collateral value. Certain loans do not have an LTV or CLTV due to industry data availability and portfolios acquired from or serviced by other institutions.

**Table 6.12: Consumer Loans by LTV/CLTV**

| (in millions) | September 30, 2018 Real estate 1-4 family first mortgage by LTV | Real estate 1-4 family junior lien mortgage by CLTV | Total | December 31, 2017 Real estate 1-4 family first mortgage by LTV | Real estate 1-4 family junior lien mortgage by CLTV | Total |
|---|---|---|---|---|---|---|
| By LTV/CLTV: | | | | | | |
| 0-60% | **$ 147,186** | **15,949** | **163,135** | 133,902 | 16,301 | 150,203 |
| 60.01-80% | **102,473** | **11,344** | **113,817** | 104,639 | 12,918 | 117,557 |
| 80.01-100% | **11,983** | **5,175** | **17,158** | 13,924 | 6,580 | 20,504 |
| 100.01-120% (1) | **1,353** | **1,774** | **3,127** | 1,868 | 2,427 | 4,295 |
| > 120% (1) | **536** | **649** | **1,185** | 783 | 1,008 | 1,791 |
| No LTV/CLTV available | **978** | **421** | **1,399** | 1,073 | 452 | 1,525 |
| Government insured/guaranteed loans (2) | **12,886** | **—** | **12,886** | 15,143 | — | 15,143 |
| Total consumer loans (excluding PCI) | **277,395** | **35,312** | **312,707** | 271,332 | 39,686 | 311,018 |
| Total consumer PCI loans (carrying value) | **6,878** | **18** | **6,896** | 12,722 | 27 | 12,749 |
| Total consumer loans | **$ 284,273** | **35,330** | **319,603** | 284,054 | 39,713 | 323,767 |

(1) Reflects total loan balances with LTV/CLTV amounts in excess of 100%. In the event of default, the loss content would generally be limited to only the amount in excess of 100% LTV/CLTV.
(2) Represents loans whose repayments are predominantly insured by the FHA or guaranteed by the VA.

**NONACCRUAL LOANS** Table 6.13 provides loans on nonaccrual status. PCI loans are excluded from this table because they continue to earn interest from accretable yield, independent of performance in accordance with their contractual terms.

**Table 6.13: Nonaccrual Loans**

| (in millions) | Sep 30, 2018 | Dec 31, 2017 |
|---|---|---|
| Commercial: | | |
| Commercial and industrial | **$ 1,555** | 1,899 |
| Real estate mortgage | **603** | 628 |
| Real estate construction | **44** | 37 |
| Lease financing | **96** | 76 |
| Total commercial | **2,298** | 2,640 |
| Consumer: | | |
| Real estate 1-4 family first mortgage (1) | **3,605** | 4,122 |
| Real estate 1-4 family junior lien mortgage | **984** | 1,086 |
| Automobile | **118** | 130 |
| Other revolving credit and installment | **48** | 58 |
| Total consumer | **4,755** | 5,396 |
| Total nonaccrual loans (excluding PCI) | **$ 7,053** | 8,036 |

(1) Includes MLHFS of $132 million and $136 million at September 30, 2018, and December 31, 2017, respectively.

**LOANS IN PROCESS OF FORECLOSURE** Our recorded investment in consumer mortgage loans collateralized by residential real estate property that are in process of foreclosure was $4.9 billion and $6.3 billion at September 30, 2018 and December 31, 2017, respectively, which included $3.5 billion and $4.0 billion, respectively, of loans that are government insured/guaranteed. Under Bureau of Consumer Financial Protection guidelines, we do not commence the foreclosure process on consumer real estate loans until after the loan is 120 days delinquent. Foreclosure procedures and timelines vary depending on whether the property address resides in a judicial or non-judicial state. Judicial states require the foreclosure to be processed through the state's courts while non-judicial states are processed without court intervention. Foreclosure timelines vary according to state law.

**LOANS 90 DAYS OR MORE PAST DUE AND STILL ACCRUING**

Certain loans 90 days or more past due as to interest or principal are still accruing, because they are (1) well-secured and in the process of collection or (2) real estate 1-4 family mortgage loans or consumer loans exempt under regulatory rules from being classified as nonaccrual until later delinquency, usually 120 days past due. PCI loans of $567 million at September 30, 2018, and $1.4 billion at December 31, 2017, are not included in these past due and still accruing loans even when they are 90 days or more contractually past due. These PCI loans are considered to be accruing because they continue to earn interest from accretable yield, independent of performance in accordance with their contractual terms.

Table 6.14 shows non-PCI loans 90 days or more past due and still accruing by class for loans not government insured/ guaranteed.

**Table 6.14: Loans 90 Days or More Past Due and Still Accruing**

| (in millions) | | Sep 30, 2018 | Dec 31, 2017 |
|---|---|---|---|
| Total (excluding PCI): | $ | **9,209** | 11,997 |
| Less: FHA insured/VA guaranteed (1)(2) | | **8,276** | 10,934 |
| **Total, not government insured/ guaranteed** | $ | **933** | 1,063 |
| By segment and class, not government insured/guaranteed: | | | |
| Commercial: | | | |
| Commercial and industrial | $ | **42** | 26 |
| Real estate mortgage | | **56** | 23 |
| Total commercial | | **98** | 49 |
| Consumer: | | | |
| Real estate 1-4 family first mortgage (2) | | **129** | 219 |
| Real estate 1-4 family junior lien mortgage (2) | | **32** | 60 |
| Credit card | | **460** | 492 |
| Automobile | | **108** | 143 |
| Other revolving credit and installment | | **106** | 100 |
| Total consumer | | **835** | 1,014 |
| **Total, not government insured/ guaranteed** | $ | **933** | 1,063 |

(1) Represents loans whose repayments are predominantly insured by the FHA or guaranteed by the VA.
(2) Includes mortgage loans held for sale 90 days or more past due and still accruing.

**IMPAIRED LOANS** Table 6.15 summarizes key information for impaired loans. Our impaired loans predominantly include loans on nonaccrual status in the commercial portfolio segment and loans modified in a TDR, whether on accrual or nonaccrual status. These impaired loans generally have estimated losses which are included in the allowance for credit losses. We have impaired loans with no allowance for credit losses when loss content has been previously recognized through charge-offs and we do not anticipate additional charge-offs or losses, or certain loans are currently performing in accordance with their terms and for which no loss has been estimated. Impaired loans exclude PCI loans. Table 6.15 includes trial modifications that totaled $163 million at September 30, 2018, and $194 million at December 31, 2017.

For additional information on our impaired loans and allowance for credit losses, see Note 1 (Summary of Significant Accounting Policies) in our 2017 Form 10-K.

**Table 6.15: Impaired Loans Summary**

| (in millions) | Unpaid principal balance (1) | Recorded investment | | Related allowance for credit losses |
|---|---|---|---|---|
| | | Impaired loans | Impaired loans with related allowance for credit losses | |
| **September 30, 2018** | | | | |
| **Commercial:** | | | | |
| **Commercial and industrial** | **$ 3,102** | **2,200** | **1,806** | **321** |
| **Real estate mortgage** | **1,311** | **1,107** | **1,064** | **142** |
| **Real estate construction** | **111** | **63** | **48** | **10** |
| **Lease financing** | **148** | **118** | **118** | **26** |
| **Total commercial** | **4,672** | **3,488** | **3,036** | **499** |
| **Consumer:** | | | | |
| **Real estate 1-4 family first mortgage** | **12,719** | **11,087** | **4,747** | **571** |
| **Real estate 1-4 family junior lien mortgage** | **1,950** | **1,748** | **1,216** | **198** |
| **Credit card** | **431** | **431** | **431** | **167** |
| **Automobile** | **157** | **91** | **45** | **8** |
| **Other revolving credit and installment** | **155** | **147** | **129** | **37** |
| **Total consumer (2)** | **15,412** | **13,504** | **6,568** | **981** |
| **Total impaired loans (excluding PCI)** | **$ 20,084** | **16,992** | **9,604** | **1,480** |
| December 31, 2017 | | | | |
| Commercial: | | | | |
| Commercial and industrial | $ 3,577 | 2,568 | 2,310 | 462 |
| Real estate mortgage | 1,502 | 1,239 | 1,207 | 211 |
| Real estate construction | 95 | 54 | 45 | 9 |
| Lease financing | 132 | 99 | 89 | 23 |
| Total commercial | 5,306 | 3,960 | 3,651 | 705 |
| Consumer: | | | | |
| Real estate 1-4 family first mortgage | 14,020 | 12,225 | 6,060 | 770 |
| Real estate 1-4 family junior lien mortgage | 2,135 | 1,918 | 1,421 | 245 |
| Credit card | 356 | 356 | 356 | 136 |
| Automobile | 157 | 87 | 34 | 5 |
| Other revolving credit and installment | 136 | 128 | 117 | 29 |
| Total consumer (2) | 16,804 | 14,714 | 7,988 | 1,185 |
| Total impaired loans (excluding PCI) | $ 22,110 | 18,674 | 11,639 | 1,890 |

(1) Excludes the unpaid principal balance for loans that have been fully charged off or otherwise have zero recorded investment.
(2) Includes the recorded investment of $1.3 billion at September 30, 2018 and $1.4 billion at December 31, 2017, of government insured/guaranteed loans that are predominantly insured by the FHA or guaranteed by the VA and generally do not have an allowance. Impaired loans may also have limited, if any, allowance when the recorded investment of the loan approximates estimated net realizable value as a result of charge-offs prior to a TDR modification.

Commitments to lend additional funds on loans whose terms have been modified in a TDR amounted to $543 million and $579 million at September 30, 2018 and December 31, 2017, respectively.

Table 6.16 provides the average recorded investment in impaired loans and the amount of interest income recognized on impaired loans by portfolio segment and class.

**Table 6.16: Average Recorded Investment in Impaired Loans**

| | Quarter ended September 30, | | | | Nine months ended September 30, | | | |
|---|---|---|---|---|---|---|---|---|
| | **2018** | | 2017 | | **2018** | | 2017 | |
| (in millions) | **Average recorded investment** | **Recognized interest income** | Average recorded investment | Recognized interest income | **Average recorded investment** | **Recognized interest income** | Average recorded investment | Recognized interest income |
| Commercial: | | | | | | | | |
| Commercial and industrial | **$ 2,325** | **59** | 3,208 | 22 | **2,316** | **138** | 3,460 | 91 |
| Real estate mortgage | **1,172** | **16** | 1,293 | 19 | **1,225** | **66** | 1,351 | 70 |
| Real estate construction | **66** | **2** | 58 | — | **62** | **4** | 69 | 3 |
| Lease financing | **117** | **—** | 105 | 1 | **127** | **1** | 110 | 1 |
| Total commercial | **3,680** | **77** | 4,664 | 42 | **3,730** | **209** | 4,990 | 165 |
| Consumer: | | | | | | | | |
| Real estate 1-4 family first mortgage | **11,318** | **165** | 13,044 | 180 | **11,718** | **504** | 13,594 | 555 |
| Real estate 1-4 family junior lien mortgage | **1,775** | **29** | 2,009 | 30 | **1,832** | **87** | 2,072 | 92 |
| Credit card | **421** | **14** | 326 | 9 | **396** | **36** | 314 | 26 |
| Automobile | **87** | **2** | 86 | 2 | **85** | **8** | 84 | 8 |
| Other revolving credit and installment | **145** | **2** | 123 | 2 | **139** | **7** | 114 | 6 |
| Total consumer | **13,746** | **212** | 15,588 | 223 | **14,170** | **642** | 16,178 | 687 |
| Total impaired loans (excluding PCI) | **$ 17,426** | **289** | 20,252 | 265 | **17,900** | **851** | 21,168 | 852 |
| **Interest income:** | | | | | | | | |
| Cash basis of accounting | | **$ 92** | | 64 | | **257** | | 219 |
| Other (1) | | **197** | | 201 | | **594** | | 633 |
| **Total interest income** | | **$ 289** | | 265 | | **851** | | 852 |

(1) Includes interest recognized on accruing TDRs, interest recognized related to certain impaired loans which have an allowance calculated using discounting, and amortization of purchase accounting adjustments related to certain impaired loans.

**TROUBLED DEBT RESTRUCTURINGS (TDRs)** When, for economic or legal reasons related to a borrower's financial difficulties, we grant a concession for other than an insignificant period of time to a borrower that we would not otherwise consider, the related loan is classified as a TDR, the balance of which totaled $16.2 billion and $17.8 billion at September 30, 2018 and December 31, 2017, respectively. We do not consider loan resolutions such as foreclosure or short sale to be a TDR.

We may require some consumer borrowers experiencing financial difficulty to make trial payments generally for a period of three to four months, according to the terms of a planned permanent modification, to determine if they can perform according to those terms. These arrangements represent trial modifications, which we classify and account for as TDRs. While loans are in trial payment programs, their original terms are not considered modified and they continue to advance through delinquency status and accrue interest according to their original terms.

Table 6.17 summarizes our TDR modifications for the periods presented by primary modification type and includes the financial effects of these modifications. For those loans that modify more than once, the table reflects each modification that occurred during the period. Loans that both modify and pay off within the period, as well as changes in recorded investment during the period for loans modified in prior periods, are not included in the table.

**Table 6.17: TDR Modifications**

| | | Primary modification type (1) | | | Financial effects of modifications | | |
|---|---|---|---|---|---|---|---|
| (in millions) | Principal (2) | Interest rate reduction | Other concessions (3) | Total | Charge-offs (4) | Weighted average interest rate reduction | Recorded investment related to interest rate reduction (5) |
| **Quarter ended September 30, 2018** | | | | | | | |
| **Commercial:** | | | | | | | |
| **Commercial and industrial** | **$ —** | **3** | **802** | **805** | **3** | **1.30%** | **$ 3** |
| **Real estate mortgage** | **—** | **20** | **78** | **98** | **—** | **0.98** | **20** |
| **Real estate construction** | **—** | **—** | **15** | **15** | **—** | **—** | **—** |
| **Lease financing** | **—** | **—** | **22** | **22** | **—** | **—** | **—** |
| **Total commercial** | **—** | **23** | **917** | **940** | **3** | **1.02** | **23** |
| **Consumer:** | | | | | | | |
| **Real estate 1-4 family first mortgage** | **58** | **4** | **225** | **287** | **1** | **2.27** | **30** |
| **Real estate 1-4 family junior lien mortgage** | **2** | **11** | **31** | **44** | **—** | **2.09** | **13** |
| **Credit card** | **—** | **84** | **—** | **84** | **—** | **12.78** | **84** |
| **Automobile** | **7** | **6** | **17** | **30** | **9** | **5.95** | **6** |
| **Other revolving credit and installment** | **—** | **12** | **4** | **16** | **—** | **8.25** | **12** |
| **Trial modifications (6)** | **—** | **—** | **(20)** | **(20)** | **—** | **—** | **—** |
| **Total consumer** | **67** | **117** | **257** | **441** | **10** | **8.98** | **145** |
| **Total** | **$ 67** | **140** | **1,174** | **1,381** | **13** | **7.88%** | **$ 168** |
| Quarter ended September 30, 2017 | | | | | | | |
| Commercial: | | | | | | | |
| Commercial and industrial | $ — | 19 | 481 | 500 | 60 | 0.34 % | $ 18 |
| Real estate mortgage | 1 | 12 | 98 | 111 | 7 | 1.58 | 13 |
| Real estate construction | — | — | 1 | 1 | — | 1.85 | — |
| Lease financing | — | — | 23 | 23 | — | — | — |
| Total commercial | 1 | 31 | 603 | 635 | 67 | 0.85 | 31 |
| Consumer: | | | | | | | |
| Real estate 1-4 family first mortgage | 48 | 15 | 272 | 335 | 2 | 2.62 | 41 |
| Real estate 1-4 family junior lien mortgage | 3 | 23 | 20 | 46 | 4 | 3.97 | 26 |
| Credit card | — | 74 | — | 74 | — | 12.00 | 74 |
| Automobile | 1 | 4 | 20 | 25 | 12 | 5.53 | 4 |
| Other revolving credit and installment | — | 11 | 1 | 12 | — | 7.72 | 12 |
| Trial modifications (6) | — | — | (10) | (10) | — | — | — |
| Total consumer | 52 | 127 | 303 | 482 | 18 | 7.68 | 157 |
| Total | $ 53 | 158 | 906 | 1,117 | 85 | 6.56 % | $ 188 |

| (in millions) | Primary modification type (1) | | | | Financial effects of modifications | | |
|---|---|---|---|---|---|---|---|
| | Principal (2) | Interest rate reduction | Other concessions (3) | Total | Charge-offs (4) | Weighted average interest rate reduction | Recorded investment related to interest rate reduction (5) |
| **Nine months ended September 30, 2018** | | | | | | | |
| **Commercial:** | | | | | | | |
| **Commercial and industrial** | **$ 3** | **17** | **1,739** | **1,759** | **23** | **0.95%** | **$ 17** |
| **Real estate mortgage** | **—** | **37** | **297** | **334** | **—** | **0.94** | **37** |
| **Real estate construction** | **—** | **—** | **19** | **19** | **—** | **—** | **—** |
| **Lease financing** | **—** | **—** | **61** | **61** | **—** | **—** | **—** |
| **Total commercial** | **3** | **54** | **2,116** | **2,173** | **23** | **0.94** | **54** |
| **Consumer:** | | | | | | | |
| **Real estate 1-4 family first mortgage** | **168** | **22** | **817** | **1,007** | **4** | **2.31** | **96** |
| **Real estate 1-4 family junior lien mortgage** | **5** | **31** | **89** | **125** | **3** | **1.96** | **35** |
| **Credit card** | **—** | **253** | **—** | **253** | **—** | **12.42** | **253** |
| **Automobile** | **10** | **14** | **42** | **66** | **23** | **6.25** | **14** |
| **Other revolving credit and installment** | **—** | **37** | **8** | **45** | **—** | **8.04** | **37** |
| **Trial modifications (6)** | **—** | **—** | **12** | **12** | **—** | **—** | **—** |
| **Total consumer** | **183** | **357** | **968** | **1,508** | **30** | **8.77** | **435** |
| **Total** | **$ 186** | **411** | **3,084** | **3,681** | **53** | **7.90%** | **$ 489** |
| Nine months ended September 30, 2017 | | | | | | | |
| Commercial: | | | | | | | |
| Commercial and industrial | $ 17 | 38 | 2,323 | 2,378 | 154 | 0.61 % | $ 37 |
| Real estate mortgage | 5 | 51 | 416 | 472 | 20 | 1.31 | 52 |
| Real estate construction | — | 1 | 24 | 25 | — | 0.90 | 1 |
| Lease financing | — | — | 37 | 37 | — | — | — |
| Total commercial | 22 | 90 | 2,800 | 2,912 | 174 | 1.02 | 90 |
| Consumer: | | | | | | | |
| Real estate 1-4 family first mortgage | 196 | 132 | 797 | 1,125 | 14 | 2.59 | 227 |
| Real estate 1-4 family junior lien mortgage | 23 | 70 | 64 | 157 | 13 | 3.26 | 80 |
| Credit card | — | 188 | — | 188 | — | 12.21 | 188 |
| Automobile | 2 | 11 | 52 | 65 | 30 | 5.92 | 11 |
| Other revolving credit and installment | — | 38 | 5 | 43 | 1 | 7.41 | 38 |
| Trial modifications (6) | — | — | (54) | (54) | — | — | — |
| Total consumer | 221 | 439 | 864 | 1,524 | 58 | 6.41 | 544 |
| Total | $ 243 | 529 | 3,664 | 4,436 | 232 | 5.64 % | $ 634 |

(1) Amounts represent the recorded investment in loans after recognizing the effects of the TDR, if any. TDRs may have multiple types of concessions, but are presented only once in the first modification type based on the order presented in the table above. The reported amounts include loans remodified of $545 million and $394 million for the quarters ended September 30, 2018 and 2017 and $1.4 billion and $1.7 billion, for the first nine months of 2018 and 2017 respectively.

(2) Principal modifications include principal forgiveness at the time of the modification, contingent principal forgiveness granted over the life of the loan based on borrower performance, and principal that has been legally separated and deferred to the end of the loan, with a zero percent contractual interest rate.

(3) Other concessions include loans discharged in bankruptcy, loan renewals, term extensions and other interest and noninterest adjustments, but exclude modifications that also forgive principal and/or reduce the contractual interest rate.

(4) Charge-offs include write-downs of the investment in the loan in the period it is contractually modified. The amount of charge-off will differ from the modification terms if the loan has been charged down prior to the modification based on our policies. In addition, there may be cases where we have a charge-off/down with no legal principal modification. Modifications resulted in legally forgiving principal (actual, contingent or deferred) of $5 million and $4 million for the quarters ended September 30, 2018 and 2017 and $22 million and $23 million for the first nine months of 2018 and 2017 respectively.

(5) Reflects the effect of reduced interest rates on loans with an interest rate concession as one of their concession types, which includes loans reported as a principal primary modification type that also have an interest rate concession.

(6) Trial modifications are granted a delay in payments due under the original terms during the trial payment period. However, these loans continue to advance through delinquency status and accrue interest according to their original terms. Any subsequent permanent modification generally includes interest rate related concessions; however, the exact concession type and resulting financial effect are usually not known until the loan is permanently modified. Trial modifications for the period are presented net of previously reported trial modifications that became permanent in the current period.

Table 6.18 summarizes permanent modification TDRs that have defaulted in the current period within 12 months of their permanent modification date. We are reporting these defaulted TDRs based on a payment default definition of 90 days past due for the commercial portfolio segment and 60 days past due for the consumer portfolio segment.

**Table 6.18: Defaulted TDRs**

| | Recorded investment of defaults | | | |
|---|---|---|---|---|
| | Quarter ended September 30, | | Nine months ended September 30, | |
| (in millions) | **2018** | 2017 | **2018** | 2017 |
| Commercial: | | | | |
| Commercial and industrial | **$ 42** | 14 | **135** | 106 |
| Real estate mortgage | **35** | 16 | **75** | 47 |
| Real estate construction | **—** | 4 | **16** | 4 |
| Total commercial | **77** | 34 | **226** | 157 |
| Consumer: | | | | |
| Real estate 1-4 family first mortgage | **11** | 32 | **44** | 83 |
| Real estate 1-4 family junior lien mortgage | **3** | 5 | **10** | 14 |
| Credit card | **20** | 20 | **57** | 52 |
| Automobile | **4** | 4 | **11** | 11 |
| Other revolving credit and installment | **2** | 1 | **4** | 3 |
| Total consumer | **40** | 62 | **126** | 163 |
| Total | **$ 117** | 96 | **352** | 320 |

## Purchased Credit-Impaired Loans

Substantially all of our PCI loans were acquired from Wachovia on December 31, 2008, at which time we acquired commercial and consumer loans with a carrying value of $18.7 billion and $40.1 billion, respectively. The unpaid principal balance on December 31, 2008 was $98.2 billion for the total of commercial and consumer PCI loans. Table 6.19 presents PCI loans net of any remaining purchase accounting adjustments. Real estate 1-4 family first mortgage PCI loans are predominantly Pick-a-Pay loans.

**Table 6.19: PCI Loans**

| (in millions) | **Sep 30, 2018** | Dec 31, 2017 |
|---|---|---|
| Total commercial | **$ 45** | 86 |
| Consumer: | | |
| Real estate 1-4 family first mortgage | **6,878** | 12,722 |
| Real estate 1-4 family junior lien mortgage | **18** | 27 |
| Total consumer | **6,896** | 12,749 |
| Total PCI loans (carrying value) | **$ 6,941** | 12,835 |
| Total PCI loans (unpaid principal balance) | **$ 10,126** | 18,975 |

**ACCRETABLE YIELD** The excess of cash flows expected to be collected over the carrying value of PCI loans is referred to as the accretable yield and is recognized in interest income using an effective yield method over the remaining life of the loan, or pools of loans. The accretable yield is affected by:

- changes in interest rate indices for variable rate PCI loans – expected future cash flows are based on the variable rates in effect at the time of the regular evaluations of cash flows expected to be collected;
- changes in prepayment assumptions – prepayments affect the estimated life of PCI loans which may change the amount of interest income, and possibly principal, expected to be collected; and
- changes in the expected principal and interest payments over the estimated weighted-average life – updates to expected cash flows are driven by the credit outlook and actions taken with borrowers. Changes in expected future cash flows from loan modifications are included in the regular evaluations of cash flows expected to be collected.

The change in the accretable yield related to PCI loans since the merger with Wachovia is presented in Table 6.20. Changes during third quarter 2018 reflect the impact of the sale of $1.7 billion of Pick-a-Pay PCI loans.

**Table 6.20: Change in Accretable Yield**

| (in millions) | | Quarter ended Sep 30, 2018 | Nine months ended Sep 30, 2018 | 2009-2017 |
|---|---|---|---|---|
| **Balance, beginning of period** | **$** | **5,733** | **8,887** | 10,447 |
| **Change in accretable yield due to acquisitions** | | **—** | **—** | 161 |
| **Accretion into interest income (1)** | | **(279)** | **(892)** | (16,983) |
| **Accretion into noninterest income due to sales (2)** | | **(638)** | **(1,760)** | (801) |
| **Reclassification from nonaccretable difference for loans with improving credit-related cash flows** | | **3** | **402** | 11,597 |
| **Changes in expected cash flows that do not affect nonaccretable difference (3)** | | **(410)** | **(2,228)** | 4,466 |
| **Balance, end of period** | **$** | **4,409** | **4,409** | 8,887 |

(1) Includes accretable yield released as a result of settlements with borrowers, which is included in interest income.
(2) Includes accretable yield released as a result of sales to third parties, which is included in noninterest income.
(3) Represents changes in cash flows expected to be collected due to the impact of modifications, changes in prepayment assumptions, changes in interest rates on variable rate PCI loans and sales to third parties.

**COMMERCIAL PCI CREDIT QUALITY INDICATORS** Table 6.21 provides a breakdown of commercial PCI loans by risk category.

**Table 6.21: Commercial PCI Loans by Risk Category**

| (in millions) | | Total |
|---|---|---|
| **September 30, 2018** | | |
| **By risk category:** | | |
| **Pass** | **$** | **2** |
| **Criticized** | | **43** |
| **Total commercial PCI loans** | **$** | **45** |
| December 31, 2017 | | |
| By risk category: | | |
| Pass | $ | 8 |
| Criticized | | 78 |
| Total commercial PCI loans | $ | 86 |

Table 6.22 provides past due information for commercial PCI loans.

**Table 6.22: Commercial PCI Loans by Delinquency Status**

| (in millions) | | Total |
|---|---|---|
| **September 30, 2018** | | |
| **By delinquency status:** | | |
| **Current-29 DPD and still accruing** | **$** | **44** |
| **30-89 DPD and still accruing** | | **1** |
| **90+ DPD and still accruing** | | **—** |
| **Total commercial PCI loans** | **$** | **45** |
| December 31, 2017 | | |
| By delinquency status: | | |
| Current-29 DPD and still accruing | $ | 86 |
| 30-89 DPD and still accruing | | — |
| 90+ DPD and still accruing | | — |
| Total commercial PCI loans | $ | 86 |

**CONSUMER PCI CREDIT QUALITY INDICATORS** Our consumer PCI loans were aggregated into several pools of loans at acquisition. Below, we have provided credit quality indicators based on the unpaid principal balance (adjusted for write-downs) of the individual loans included in the pool, but we have not allocated the remaining purchase accounting adjustments, which were established at a pool level. Table 6.23 provides the delinquency status of consumer PCI loans.

**Table 6.23: Consumer PCI Loans by Delinquency Status**

| | | **September 30, 2018** | | | December 31, 2017 | |
|---|---|---|---|---|---|---|
| (in millions) | **Real estate 1-4 family first mortgage** | **Real estate 1-4 family junior lien mortgage** | **Total** | Real estate 1-4 family first mortgage | Real estate 1-4 family junior lien mortgage | Total |
| By delinquency status: | | | | | | |
| Current-29 DPD and still accruing | **$ 7,322** | **127** | **7,449** | 13,127 | 138 | 13,265 |
| 30-59 DPD and still accruing | **776** | **5** | **781** | 1,317 | 8 | 1,325 |
| 60-89 DPD and still accruing | **409** | **3** | **412** | 622 | 3 | 625 |
| 90-119 DPD and still accruing | **161** | **1** | **162** | 293 | 2 | 295 |
| 120-179 DPD and still accruing | **91** | **1** | **92** | 219 | 2 | 221 |
| 180+ DPD and still accruing | **518** | **3** | **521** | 1,310 | 4 | 1,314 |
| Total consumer PCI loans (adjusted unpaid principal balance) | **$ 9,277** | **140** | **9,417** | 16,888 | 157 | 17,045 |
| Total consumer PCI loans (carrying value) | **$ 6,878** | **18** | **6,896** | 12,722 | 27 | 12,749 |

Table 6.24 provides FICO scores for consumer PCI loans.

**Table 6.24: Consumer PCI Loans by FICO**

| (in millions) | September 30, 2018 Real estate 1-4 family first mortgage | Real estate 1-4 family junior lien mortgage | Total | December 31, 2017 Real estate 1-4 family first mortgage | Real estate 1-4 family junior lien mortgage | Total |
|---|---|---|---|---|---|---|
| By FICO: | | | | | | |
| < 600 | **$ 2,070** | **29** | **2,099** | 4,014 | 37 | 4,051 |
| 600-639 | **1,026** | **18** | **1,044** | 2,086 | 20 | 2,106 |
| 640-679 | **1,222** | **21** | **1,243** | 2,393 | 24 | 2,417 |
| 680-719 | **1,266** | **24** | **1,290** | 2,242 | 29 | 2,271 |
| 720-759 | **1,091** | **22** | **1,113** | 1,779 | 23 | 1,802 |
| 760-799 | **654** | **11** | **665** | 933 | 12 | 945 |
| 800+ | **426** | **6** | **432** | 468 | 6 | 474 |
| No FICO available | **1,522** | **9** | **1,531** | 2,973 | 6 | 2,979 |
| Total consumer PCI loans (adjusted unpaid principal balance) | **$ 9,277** | **140** | **9,417** | 16,888 | 157 | 17,045 |
| Total consumer PCI loans (carrying value) | **$ 6,878** | **18** | **6,896** | 12,722 | 27 | 12,749 |

Table 6.25 shows the distribution of consumer PCI loans by LTV for real estate 1-4 family first mortgages and by CLTV for real estate 1-4 family junior lien mortgages.

**Table 6.25: Consumer PCI Loans by LTV/CLTV**

| (in millions) | September 30, 2018 Real estate 1-4 family first mortgage by LTV | Real estate 1-4 family junior lien mortgage by CLTV | Total | December 31, 2017 Real estate 1-4 family first mortgage by LTV | Real estate 1-4 family junior lien mortgage by CLTV | Total |
|---|---|---|---|---|---|---|
| By LTV/CLTV: | | | | | | |
| 0-60% | **$ 5,281** | **47** | **5,328** | 8,010 | 45 | 8,055 |
| 60.01-80% | **3,013** | **54** | **3,067** | 6,510 | 63 | 6,573 |
| 80.01-100% | **822** | **28** | **850** | 1,975 | 35 | 2,010 |
| 100.01-120% (1) | **133** | **8** | **141** | 319 | 10 | 329 |
| > 120% (1) | **28** | **1** | **29** | 73 | 3 | 76 |
| No LTV/CLTV available | **—** | **2** | **2** | 1 | 1 | 2 |
| Total consumer PCI loans (adjusted unpaid principal balance) | **$ 9,277** | **140** | **9,417** | 16,888 | 157 | 17,045 |
| Total consumer PCI loans (carrying value) | **$ 6,878** | **18** | **6,896** | 12,722 | 27 | 12,749 |

(1) Reflects total loan balances with LTV/CLTV amounts in excess of 100%. In the event of default, the loss content would generally be limited to only the amount in excess of 100% LTV/CLTV.

# Note 7: Equity Securities

Table 7.1 provides a summary of our equity securities by business purpose and accounting model, including equity securities with readily determinable fair values (marketable) and those without readily determinable fair values (nonmarketable).

**Table 7.1: Equity Securities**

| (in millions) | Sep 30, 2018 | Dec 31, 2017 |
|---|---|---|
| **Held for trading at fair value:** | | |
| Marketable equity securities | **$ 26,138** | 30,004 |
| **Not held for trading:** | | |
| Fair value: | | |
| Marketable equity securities (1) | **5,705** | 4,356 |
| Nonmarketable equity securities (2) | **6,479** | 4,867 |
| Total equity securities at fair value | **12,184** | 9,223 |
| Equity method: | | |
| LIHTC (3) | **10,453** | 10,269 |
| Private equity | **3,838** | 3,839 |
| Tax-advantaged renewable energy | **1,967** | 1,950 |
| New market tax credit and other | **259** | 294 |
| Total equity method | **16,517** | 16,352 |
| Other: | | |
| Federal bank stock and other at cost (4) | **5,467** | 5,828 |
| Private equity (5) | **1,449** | 1,090 |
| Total equity securities not held for trading | **35,617** | 32,493 |
| **Total equity securities** | **$ 61,755** | 62,497 |

(1) Includes $3.6 billion and $3.7 billion at September 30, 2018, and December 31, 2017, respectively, related to securities held as economic hedges of our deferred compensation plan obligations.
(2) Includes $6.3 billion and $4.9 billion at September 30, 2018, and December 31, 2017, respectively, related to investments for which we elected the fair value option. See Note 15 (Fair Value of Assets and Liabilities) for additional information.
(3) Represents low-income housing tax credit investments.
(4) Includes $5.4 billion at both September 30, 2018, and December 31, 2017, related to investments in Federal Reserve Bank and Federal Home Loan Bank stock.
(5) Represents nonmarketable equity securities for which we have elected to account for the security under the measurement alternative.

### Equity Securities Held for Trading

Equity securities held for trading purposes are marketable equity securities traded on organized exchanges. These securities, which are held as part of our customer accommodation trading activities, are carried at fair value with changes in fair value reflected in net gains from trading activities. More information on these activities can be found in Note 4 (Trading Activities) to Financial Statements in this Report.

### Equity Securities Not Held for Trading

We also hold equity securities unrelated to trading activities. These securities include private equity and tax credit investments, securities held as economic hedges or to meet regulatory requirements (for example, Federal Reserve Bank and Federal Home Loan Bank stock). Equity securities not held for trading purposes are accounted for at either fair value, equity method, cost or the measurement alternative.

**FAIR VALUE** Equity securities accounted for using the fair value method are recorded at fair value with changes in fair value reflected in net gains from equity securities. Marketable equity securities held for purposes other than trading primarily consist of exchange-traded equity funds held to economically hedge obligations related to our deferred compensation plans and to a lesser extent other holdings of publicly traded equity securities held for investment purposes. Nonmarketable equity securities represent securities that do not have a readily determinable fair value for which we have elected to account for using the fair value method. Substantially all of these nonmarketable equity securities are economically hedged with equity derivatives.

**EQUITY METHOD** Under the equity method of accounting, we carry the security at cost adjusted for our share of the investee's earnings less any impairment write-downs. Our equity method investments consist of tax credit and private equity securities, the majority of which are our low-income housing tax credit (LIHTC) investments.

We invest in affordable housing projects that qualify for the LIHTC, which is designed to promote private development of low-income housing. These investments generate a return mostly through realization of federal tax credit and other tax benefits. In the third quarter and first nine months of 2018, we recognized pre-tax losses of $283 million and $850 million, respectively, related to our LIHTC investments, compared with $227 million and $684 million, respectively, for the same periods a year ago. These losses were recognized in other noninterest income. We also recognized total tax benefits of $352 million and $1.1 billion in the third quarter and first nine months of 2018, which included tax credits recorded to income taxes of $282 million and $853 million for the same periods, respectively. In the third quarter and first nine months of 2017, total tax benefits were $360 million and $1.1 billion, respectively, which included tax credits of $275 million and $796 million for the same periods, respectively. We are periodically required to provide additional financial support during the investment period. Our liability for unfunded commitments was $3.4 billion at September 30, 2018, and $3.6 billion at December 31, 2017. Substantially all of this liability is expected to be paid over the next three years. This liability is included in long-term debt.

**OTHER** The remaining portion of our nonmarketable equity securities portfolio consists of securities accounted for using the cost method or measurement alternative. Cost method securities are held at cost less impairment. If impaired, the carrying value is written down to fair value. The measurement alternative is similar to the cost method of accounting, except the carrying value is adjusted up or down to fair value through net gains from equity securities upon the occurrence of orderly observable transactions in the same or similar security of the same issuer. Impairment write-downs are recorded on these securities when the carrying value of these securities exceeds the fair value of the investment or we identify possible indicators of impairment.

### Realized Gains and Losses

Table 7.2 provides a summary of the net gains and losses for equity securities. Gains and losses for securities held for trading are reported in net gains from trading activities.

**Table 7.2: Net Gains (Losses) from Equity Securities**

| | Quarter ended September 30, | | Nine months ended September 30, | |
|---|---|---|---|---|
| (in millions) | **2018** | 2017 | **2018** | 2017 |
| Net gains (losses) from equity securities carried at fair value: | | | | |
| Marketable equity securities | **$ 103** | 231 | **139** | 701 |
| Nonmarketable equity securities | **822** | 514 | **1,525** | 1,208 |
| Total equity securities carried at fair value | **925** | 745 | **1,664** | 1,909 |
| Net gains (losses) from nonmarketable equity securities not carried at fair value: | | | | |
| Impairment write-downs | **(45)** | (83) | **(302)** | (181) |
| Net unrealized gains related to measurement alternative observable transactions | **51** | — | **314** | — |
| Net realized gains on sale | **204** | 175 | **1,101** | 565 |
| All other | **—** | 16 | **34** | 78 |
| Total nonmarketable equity securities not carried at fair value | **210** | 108 | **1,147** | 462 |
| Net losses from economic hedge derivatives (1) | **(719)** | (490) | **(1,317)** | (1,164) |
| Total net gains from equity securities | **$ 416** | 363 | **1,494** | 1,207 |

(1) Includes net gains (losses) on derivatives not designated as hedging instruments.

### Measurement Alternative

Table 7.3 provides additional information about the impairment write-downs and observable price adjustments related to nonmarketable equity securities accounted for under the measurement alternative. Gains and losses related to these adjustments are also included in Table 7.2.

**Table 7.3: Measurement Alternative**

| | Quarter ended September 30, | Nine months ended September 30, |
|---|---|---|
| (in millions) | 2018 | 2018 |
| Net gains (losses) recognized in earnings during the period: | | |
| Gross unrealized gains due to observable price changes | $ 68 | 339 |
| Gross unrealized losses due to observable price changes | (17) | (25) |
| Impairment write-downs | (6) | (18) |
| Realized net gains from sale | 186 | 277 |
| Total net gains recognized during the period | $ 231 | 573 |

The cumulative gross unrealized gains and (losses) due to observable price changes as of September 30, 2018, were $312 million and $(25) million, respectively. Cumulative impairment losses as of September 30, 2018, were $18 million. These cumulative amounts represent carrying value adjustments to equity securities accounted for under the measurement alternative that were recognized on the balance sheet as of September 30, 2018.

# Note 8: Other Assets

Table 8.1 presents the components of other assets.

**Table 8.1: Other Assets**

| (in millions) | | Sep 30, 2018 | Dec 31, 2017 |
|---|---|---|---|
| Corporate/bank-owned life insurance | $ | **19,677** | 19,549 |
| Accounts receivable (1) | | **32,965** | 39,127 |
| Interest receivable | | **5,986** | 5,688 |
| Core deposit intangibles | | **192** | 769 |
| Customer relationship and other amortized intangibles | | **620** | 841 |
| Foreclosed assets: | | | |
| Residential real estate: | | | |
| Government insured/guaranteed (1) | | **87** | 120 |
| Non-government insured/ guaranteed | | **230** | 252 |
| Non-residential real estate | | **205** | 270 |
| Operating lease assets | | **9,329** | 9,666 |
| Due from customers on acceptances | | **257** | 177 |
| Other | | **8,700** | 13,785 |
| Total other assets | $ | **78,248** | 90,244 |

(1) Certain government-guaranteed residential real estate mortgage loans upon foreclosure are included in Accounts receivable. Both principal and interest related to these foreclosed real estate assets are collectible because the loans were predominantly insured by the FHA or guaranteed by the VA. For more information on the classification of certain government-guaranteed mortgage loans upon foreclosure, see Note 1 (Summary of Significant Accounting Policies) to Financial Statements in our 2017 10-K.

# Note 9: Securitizations and Variable Interest Entities

**Involvement with Special Purpose Entities (SPEs)**

In the normal course of business, we enter into various types of on- and off-balance sheet transactions with SPEs, which are corporations, trusts, limited liability companies or partnerships that are established for a limited purpose. Generally, SPEs are formed in connection with securitization transactions and are considered variable interest entities (VIEs). For further description of our involvement with SPEs, see Note 8 (Securitizations and Variable Interest Entities) to Financial Statements in our 2017 Form 10-K.

We have segregated our involvement with VIEs between those VIEs which we consolidate, those which we do not consolidate and those for which we account for the transfers of financial assets as secured borrowings. Secured borrowings are transactions involving transfers of our financial assets to third parties that are accounted for as financings with the assets pledged as collateral. Accordingly, the transferred assets remain recognized on our balance sheet. Subsequent tables within this Note further segregate these transactions by structure type.

Table 9.1 provides the classifications of assets and liabilities in our balance sheet for our transactions with VIEs.

**Table 9.1: Balance Sheet Transactions with VIEs**

| (in millions) | VIEs that we do not consolidate | VIEs that we consolidate | | Transfers that we account for as secured borrowings | Total |
|---|---|---|---|---|---|
| **September 30, 2018** | | | | | |
| **Cash** | **$ —** | **112** | | **—** | **112** |
| **Interest-earning deposits with banks** | **—** | **8** | | **—** | **8** |
| **Debt securities:** | | | | | |
| **Trading debt securities** | **1,973** | **—** | | **200** | **2,173** |
| **Available-for-sale debt securities (1)** | **2,806** | **—** | | **338** | **3,144** |
| **Held-to-maturity debt securities** | **499** | **—** | | **—** | **499** |
| **Loans** | **1,504** | **12,749** | | **96** | **14,349** |
| **Mortgage servicing rights** | **15,930** | **—** | | **—** | **15,930** |
| **Derivative assets** | **43** | **—** | | **—** | **43** |
| **Equity securities** | **10,572** | **61** | | **—** | **10,633** |
| **Other assets** | **—** | **210** | | **7** | **217** |
| **Total assets** | **33,327** | **13,140** | | **641** | **47,108** |
| **Short-term borrowings** | **—** | **—** | | **512** | **512** |
| **Derivative liabilities** | **92** | **—** | (2) | **—** | **92** |
| **Accrued expenses and other liabilities** | **242** | **154** | (2) | **9** | **405** |
| **Long-term debt** | **3,428** | **871** | (2) | **97** | **4,396** |
| **Total liabilities** | **3,762** | **1,025** | | **618** | **5,405** |
| **Noncontrolling interests** | **—** | **37** | | **—** | **37** |
| **Net assets** | **$ 29,565** | **12,078** | | **23** | **41,666** |
| December 31, 2017 | | | | | |
| Cash | $ — | 116 | | — | 116 |
| Interest-earning deposits with banks | — | 371 | | — | 371 |
| Debt securities: | | | | | |
| Trading debt securities | 1,305 | — | | 201 | 1,506 |
| Available-for-sale debt securities (1) | 3,288 | — | | 358 | 3,646 |
| Held-to-maturity debt securities | 485 | — | | — | 485 |
| Loans | 4,274 | 12,482 | | 110 | 16,866 |
| Mortgage servicing rights | 13,628 | — | | — | 13,628 |
| Derivative assets | 44 | — | | — | 44 |
| Equity securities | 10,740 | 306 | | — | 11,046 |
| Other assets | — | 342 | | 6 | 348 |
| Total assets | 33,764 | 13,617 | | 675 | 48,056 |
| Short-term borrowings | — | — | | 522 | 522 |
| Derivative liabilities | 106 | 5 | (2) | — | 111 |
| Accrued expenses and other liabilities | 244 | 132 | (2) | 10 | 386 |
| Long-term debt | 3,590 | 1,479 | (2) | 111 | 5,180 |
| Total liabilities | 3,940 | 1,616 | | 643 | 6,199 |
| Noncontrolling interests | — | 283 | | — | 283 |
| Net assets | $ 29,824 | 11,718 | | 32 | 41,574 |

(1) Excludes certain debt securities related to loans serviced for the Federal National Mortgage Association (FNMA), Federal Home Loan Mortgage Corporation (FHLMC) and GNMA.

(2) There were no VIE liabilities with recourse to the general credit of Wells Fargo for the periods presented.

## Transactions with Unconsolidated VIEs

Our transactions with unconsolidated VIEs include securitizations of residential mortgage loans, CRE loans, student loans, automobile loans and leases, certain dealer floorplan loans; investment and financing activities involving collateralized debt obligations (CDOs) backed by asset-backed and CRE securities, tax credit structures, collateralized loan obligations (CLOs) backed by corporate loans, and other types of structured financing. We have various forms of involvement with VIEs, including servicing, holding senior or subordinated interests, entering into liquidity arrangements, credit default swaps and other derivative contracts. Involvements with these unconsolidated VIEs are recorded on our balance sheet in debt and equity securities, loans, MSRs, derivative assets and liabilities, other assets, other liabilities, and long-term debt, as appropriate.

Table 9.2 provides a summary of unconsolidated VIEs with which we have significant continuing involvement, but we are not the primary beneficiary. We do not consider our continuing involvement in an unconsolidated VIE to be significant when it relates to third-party sponsored VIEs for which we were not the transferor (unless we are servicer and have other significant forms of involvement) or if we were the sponsor only or sponsor and servicer but do not have any other forms of significant involvement.

Significant continuing involvement includes transactions where we were the sponsor or transferor and have other significant forms of involvement. Sponsorship includes transactions with unconsolidated VIEs where we solely or materially participated in the initial design or structuring of the entity or marketing of the transaction to investors. When we transfer assets to a VIE and account for the transfer as a sale, we are considered the transferor. We consider investments in securities (other than those held temporarily in trading), loans, guarantees, liquidity agreements, written options and servicing of collateral to be other forms of involvement that may be significant. We have excluded certain transactions with unconsolidated VIEs from the balances presented in the following table where we have determined that our continuing involvement is not significant due to the temporary nature and size of our variable interests, because we were not the transferor or because we were not involved in the design of the unconsolidated VIEs. We also exclude from the table secured borrowing transactions with unconsolidated VIEs (for information on these transactions, see the Transactions with Consolidated VIEs and Secured Borrowings section in this Note).

**Table 9.2: Unconsolidated VIEs**

| | | Carrying value – asset (liability) | | | | |
|---|---|---|---|---|---|---|
| (in millions) | Total VIE assets | Debt and equity interests (1) | Servicing assets | Derivatives | Other commitments and guarantees | Net assets |
| **September 30, 2018** | | | | | | |
| **Residential mortgage loan securitizations:** | | | | | | |
| **Conforming (2)** | $ 1,174,883 | 2,291 | 14,998 | — | (185) | 17,104 |
| **Other/nonconforming** | 11,158 | 458 | 60 | — | — | 518 |
| **Commercial mortgage securitizations** | 151,503 | 2,463 | 872 | (92) | (37) | 3,206 |
| **Collateralized debt obligations:** | | | | | | |
| **Debt securities** | 681 | — | — | 5 | (20) | (15) |
| **Loans (3)** | — | — | — | — | — | — |
| **Asset-based finance structures** | 445 | 330 | — | — | — | 330 |
| **Tax credit structures** | 31,547 | 11,511 | — | — | (3,428) | 8,083 |
| **Collateralized loan obligations** | 2 | — | — | — | — | — |
| **Investment funds** | 221 | 51 | — | — | — | 51 |
| **Other (4)** | 1,738 | 250 | — | 38 | — | 288 |
| **Total** | $ 1,372,178 | 17,354 | 15,930 | (49) | (3,670) | 29,565 |

| | | Maximum exposure to loss | | | |
|---|---|---|---|---|---|
| | Debt and equity interests (1) | Servicing assets | Derivatives | Other commitments and guarantees | Total exposure |
| **Residential mortgage loan securitizations:** | | | | | |
| **Conforming** | $ 2,291 | 14,998 | — | 1,146 | 18,435 |
| **Other/nonconforming** | 458 | 60 | — | — | 518 |
| **Commercial mortgage securitizations** | 2,463 | 872 | 92 | 10,954 | 14,381 |
| **Collateralized debt obligations:** | | | | | |
| **Debt securities** | — | — | 5 | 20 | 25 |
| **Loans (3)** | — | — | — | — | — |
| **Asset-based finance structures** | 330 | — | — | 71 | 401 |
| **Tax credit structures** | 11,511 | — | — | 1,140 | 12,651 |
| **Collateralized loan obligations** | — | — | — | — | — |
| **Investment funds** | 51 | — | — | — | 51 |
| **Other (4)** | 250 | — | 55 | 157 | 462 |
| **Total** | $ 17,354 | 15,930 | 152 | 13,488 | 46,924 |

*(continued on following page)*

*(continued from previous page)*

| (in millions) | Total VIE assets | Carrying value – asset (liability) Debt and equity interests (1) | Servicing assets | Derivatives | Other commitments and guarantees | Net assets |
|---|---|---|---|---|---|---|
| December 31, 2017 | | | | | | |
| Residential mortgage loan securitizations: | | | | | | |
| Conforming (2) | $ 1,169,410 | 2,100 | 12,665 | — | (190) | 14,575 |
| Other/nonconforming | 14,175 | 598 | 73 | — | — | 671 |
| Commercial mortgage securitizations | 144,650 | 2,198 | 890 | 28 | (34) | 3,082 |
| Collateralized debt obligations: | | | | | | |
| Debt securities | 1,031 | — | — | 5 | (20) | (15) |
| Loans (3) | 1,481 | 1,443 | — | — | — | 1,443 |
| Asset-based finance structures | 2,333 | 1,867 | — | — | — | 1,867 |
| Tax credit structures | 31,852 | 11,258 | — | — | (3,590) | 7,668 |
| Collateralized loan obligations | 23 | 1 | — | — | — | 1 |
| Investment funds | 225 | 50 | — | — | — | 50 |
| Other (4) | 2,257 | 577 | — | (95) | — | 482 |
| Total | $ 1,367,437 | 20,092 | 13,628 | (62) | (3,834) | 29,824 |

| | Maximum exposure to loss Debt and equity interests (1) | Servicing assets | Derivatives | Other commitments and guarantees | Total exposure |
|---|---|---|---|---|---|
| Residential mortgage loan securitizations: | | | | | |
| Conforming | $ 2,100 | 12,665 | — | 1,137 | 15,902 |
| Other/nonconforming | 598 | 73 | — | — | 671 |
| Commercial mortgage securitizations | 2,198 | 890 | 42 | 10,202 | 13,332 |
| Collateralized debt obligations: | | | | | |
| Debt securities | — | — | 5 | 20 | 25 |
| Loans (3) | 1,443 | — | — | — | 1,443 |
| Asset-based finance structures | 1,867 | — | — | 71 | 1,938 |
| Tax credit structures | 11,258 | — | — | 1,175 | 12,433 |
| Collateralized loan obligations | 1 | — | — | — | 1 |
| Investment funds | 50 | — | — | — | 50 |
| Other (4) | 577 | — | 120 | 157 | 854 |
| Total | $ 20,092 | 13,628 | 167 | 12,762 | 46,649 |

(1) Includes total equity interests of $10.6 billion and $10.7 billion at September 30, 2018, and December 31, 2017, respectively. Also includes debt interests in the form of both loans and securities. Excludes certain debt securities held related to loans serviced for FNMA, FHLMC and GNMA.
(2) Excludes assets and related liabilities with a recorded carrying value on our balance sheet of $1.0 billion and $2.2 billion at September 30, 2018, and December 31, 2017, respectively, for certain delinquent loans that are eligible for repurchase from GNMA loan securitizations. The recorded carrying value represents the amount that would be payable if the Company was to exercise the repurchase option. The carrying amounts are excluded from the table because the loans eligible for repurchase do not represent interests in the VIEs.
(3) Represents senior loans to trusts that are collateralized by asset-backed securities. The trusts invested in senior tranches from a diversified pool of U.S. asset securitizations, of which all were current and 100% were rated as investment grade by the primary rating agencies at December 31, 2017. These senior loans were accounted for at amortized cost and were subject to the Company's allowance and credit charge-off policies. The securitization was terminated in first quarter 2018.
(4) Includes structured financing and credit-linked note structures. Also contains investments in auction rate securities (ARS) issued by VIEs that we do not sponsor and, accordingly, are unable to obtain the total assets of the entity.

In Table 9.2, "Total VIE assets" represents the remaining principal balance of assets held by unconsolidated VIEs using the most current information available. For VIEs that obtain exposure to assets synthetically through derivative instruments, the remaining notional amount of the derivative is included in the asset balance. "Carrying value" is the amount in our consolidated balance sheet related to our involvement with the unconsolidated VIEs. "Maximum exposure to loss" from our involvement with off-balance sheet entities, which is a required disclosure under GAAP, is determined as the carrying value of our involvement with off-balance sheet (unconsolidated) VIEs plus the remaining undrawn liquidity and lending commitments, the notional amount of net written derivative contracts, and generally the notional amount of, or stressed loss estimate for, other commitments and guarantees. It represents estimated loss that would be incurred under severe, hypothetical circumstances, for which we believe the possibility is extremely remote, such as where the value of our interests and any associated collateral declines to zero, without any consideration of recovery or offset from any economic hedges. Accordingly, this required disclosure is not an indication of expected loss.

For complete descriptions of our types of transactions with unconsolidated VIEs with which we have a significant continuing involvement, but we are not the primary beneficiary, see Note 8 (Securitizations and Variable Interest Entities) to Financial Statements in our 2017 Form 10-K.

**INVESTMENT FUNDS** Subsequent to adopting ASU 2015-02 (*Amendments to the Consolidation Analysis*) in first quarter 2016, we do not consolidate these investment funds because we do not hold variable interests that are considered significant to the funds.

We voluntarily waived a portion of our management fees for certain money market funds that are exempt from the consolidation analysis to ensure the funds maintained a minimum level of daily net investment income. The amount of fees waived in the third quarter and first nine months of 2018 was $10 million and $35 million, respectively, compared with $12 million and $39 million, respectively, in the same periods of 2017.

**OTHER TRANSACTIONS WITH VIEs** Other VIEs include certain entities that issue auction rate securities (ARS) which are debt instruments with long-term maturities, that re-price more frequently, and preferred equities with no maturity. At September 30, 2018, we held $43 million of ARS issued by VIEs compared with $400 million at December 31, 2017. We acquired the ARS pursuant to agreements entered into in 2008 and 2009.

We do not consolidate the VIEs that issued the ARS because we do not have power over the activities of the VIEs.

**TRUST PREFERRED SECURITIES** VIEs that we wholly own issue debt securities or preferred equity to third party investors. All of the proceeds of the issuance are invested in debt securities or preferred equity that we issue to the VIEs. The VIEs' operations and cash flows relate only to the issuance, administration and repayment of the securities held by third parties. We do not consolidate these VIEs because the sole assets of the VIEs are receivables from us, even though we own all of the voting equity shares of the VIEs, have fully guaranteed the obligations of the VIEs and may have the right to redeem the third party securities under certain circumstances. In our consolidated balance sheet at September 30, 2018, and December 31, 2017, we reported the debt securities issued to the VIEs as long-term junior subordinated debt with a carrying value of $1.9 billion and $2.0 billion, respectively, and the preferred equity securities issued to the VIEs as preferred stock with a carrying value of $2.5 billion at both dates. These amounts are in addition to the involvements in these VIEs included in the preceding table.

### Loan Sales and Securitization Activity

We periodically transfer consumer and CRE loans and other types of financial assets in securitization and whole loan sale transactions. We typically retain the servicing rights from these sales and may continue to hold other beneficial interests in the transferred financial assets. We may also provide liquidity to investors in the beneficial interests and credit enhancements in the form of standby letters of credit. Through these transfers we may be exposed to liability under limited amounts of recourse as well as standard representations and warranties we make to purchasers and issuers. Table 9.3 presents the cash flows for our transfers accounted for as sales.

**Table 9.3: Cash Flows From Sales and Securitization Activity**

| | 2018 | | 2017 | |
|---|---|---|---|---|
| (in millions) | **Mortgage loans** | **Other financial assets** | Mortgage loans | Other financial assets |
| **Quarter ended September 30,** | | | | |
| Proceeds from securitizations and whole loan sales | **$ 53,792** | **—** | 61,756 | — |
| Fees from servicing rights retained | **812** | **—** | 826 | — |
| Cash flows from other interests held (1) | **221** | **—** | 408 | — |
| Repurchases of assets/loss reimbursements (2): | | | | |
| Non-agency securitizations and whole loan transactions | **2** | **—** | 5 | — |
| Agency securitizations (3) | **17** | **—** | 20 | — |
| Servicing advances, net of repayments | **(24)** | **—** | (90) | — |
| **Nine months ended September 30,** | | | | |
| Proceeds from securitizations and whole loan sales | **$ 156,369** | **—** | 172,837 | 25 |
| Fees from servicing rights retained | **2,487** | **—** | 2,520 | — |
| Cash flows from other interests held (1) | **574** | **1** | 1,883 | — |
| Repurchases of assets/loss reimbursements (2): | | | | |
| Non-agency securitizations and whole loan transactions | **4** | **—** | 12 | — |
| Agency securitizations (3) | **69** | **—** | 66 | — |
| Servicing advances, net of repayments | **(67)** | **—** | (252) | — |

(1) Cash flows from other interests held include principal and interest payments received on retained bonds and excess cash flows received on interest-only strips.
(2) Consists of cash paid to repurchase loans from investors and cash paid to investors to reimburse them for losses on individual loans that are already liquidated.
(3) Represent loans repurchased from GNMA, FNMA, and FHLMC under representation and warranty provisions included in our loan sales contracts. Third quarter and first nine months of 2018 exclude $1.5 billion and $6.2 billion, respectively, in delinquent insured/guaranteed loans that we service and have exercised our option to purchase out of GNMA pools, compared with $2.1 billion and $6.0 billion, respectively, in the same periods of 2017. These loans are predominantly insured by the FHA or guaranteed by the VA.

In the third quarter and first nine months of 2018, we recognized net gains of $690 million and $1.9 billion, respectively, from transfers accounted for as sales of financial assets, compared with $91 million and $616 million, respectively, in the same periods of 2017. These net gains predominantly relate to whole loan sales, commercial mortgage securitizations, and residential mortgage securitizations where the loans were not already carried at fair value.

Sales with continuing involvement during the third quarter and first nine months of 2018 and 2017 largely related to securitizations of residential mortgages that are sold to the government-sponsored entities (GSEs), including FNMA, FHLMC and GNMA (conforming residential mortgage securitizations). During the third quarter and first nine months of 2018, we transferred $49.6 billion and $144.6 billion, respectively, in fair value of residential mortgages to unconsolidated VIEs and third-party investors and recorded the transfers as sales, compared with $57.8 billion and $163.0 billion, respectively, in the same periods of 2017. Substantially all of these transfers did not result in a gain or loss because the loans were already carried at fair value. In connection with all of these transfers, in the first nine months of 2018, we recorded a $1.5 billion servicing asset, measured at fair value using a Level 3 measurement technique, securities of $2.6 billion, classified as Level 2, and a $12 million liability for repurchase losses which reflects management's estimate of probable losses related to various representations and warranties for the loans transferred, initially measured at fair value. In the first nine months of 2017, we recorded a $1.5 billion servicing asset, securities of $2.2 billion, and a $20 million liability.

Table 9.4 presents the key weighted-average assumptions we used to measure residential mortgage servicing rights at the date of securitization.

**Table 9.4: Residential Mortgage Servicing Rights**

| | Residential mortgage servicing rights | |
|---|---|---|
| | **2018** | 2017 |
| **Quarter ended September 30,** | | |
| Prepayment speed (1) | **11.2%** | 12.1 |
| Discount rate | **7.6** | 6.9 |
| Cost to service ($ per loan) (2) | **$ 128** | 122 |
| **Nine months ended September 30,** | | |
| Prepayment speed (1) | **10.5%** | 11.7 |
| Discount rate | **7.4** | 6.9 |
| Cost to service ($ per loan) (2) | **$ 130** | 135 |

(1) The prepayment speed assumption for residential mortgage servicing rights includes a blend of prepayment speeds and default rates. Prepayment speed assumptions are influenced by mortgage interest rate inputs as well as our estimation of drivers of borrower behavior.
(2) Includes costs to service and unreimbursed foreclosure costs, which can vary period to period depending on the mix of modified government-guaranteed loans sold to GNMA.

During the third quarter and first nine months of 2018, we transferred $4.1 billion and $11.6 billion, respectively, in carrying value of commercial mortgages to unconsolidated VIEs and third-party investors and recorded the transfers as sales, compared with $4.6 billion and $11.2 billion, respectively, in the same periods of 2017. These transfers resulted in gains of $67 million and $196 million in the third quarter and first nine months of 2018, respectively, because the loans were carried at lower of cost or fair value (LOCOM), compared with gains of $89 million and $265 million in the same periods of 2017. In connection with these transfers, in the first nine months of 2018, we recorded a servicing asset of $106 million, initially measured at fair value using a Level 3 measurement technique, and securities of $47 million, classified as Level 2. In the first nine months of 2017, we recorded a servicing asset of $123 million and securities of $65 million.

**Retained Interests from Unconsolidated VIEs**

Table 9.5 provides key economic assumptions and the sensitivity of the current fair value of residential mortgage servicing rights and other interests held to immediate adverse changes in those assumptions. "Other interests held" relate to residential and commercial mortgage loan securitizations. Residential mortgage-backed securities retained in securitizations issued through GSEs, such as FNMA, FHLMC and GNMA, are excluded from the table because these securities have a remote risk of credit loss due to the GSE guarantee. These securities also have economic characteristics similar to GSE mortgage-backed securities that we purchase, which are not included in the table. Subordinated interests include only those bonds whose credit rating was below AAA by a major rating agency at issuance. Senior interests include only those bonds whose credit rating was AAA by a major rating agency at issuance. The information presented excludes trading positions held in inventory.

**Table 9.5: Retained Interests from Unconsolidated VIEs**

| | | | Other interests held | | |
|---|---|---|---|---|---|
| | | | | Commercial (2) | |
| ($ in millions, except cost to service amounts) | | Residential mortgage servicing rights (1) | Interest-only strips | Subordinated bonds | Senior bonds |
| **Fair value of interests held at September 30, 2018** | **$** | **15,980** | **17** | **677** | **270** |
| **Expected weighted-average life (in years)** | | **6.9** | **3.8** | **6.8** | **5.3** |
| **Key economic assumptions:** | | | | | |
| **Prepayment speed assumption (3)** | | **9.0%** | **16.8** | | |
| **Decrease in fair value from:** | | | | | |
| **10% adverse change** | **$** | **572** | **1** | | |
| **25% adverse change** | | **1,361** | **1** | | |
| **Discount rate assumption** | | **7.2%** | **14.7** | **4.1** | **3.8** |
| **Decrease in fair value from:** | | | | | |
| **100 basis point increase** | **$** | **727** | **—** | **37** | **12** |
| **200 basis point increase** | | **1,386** | **1** | **71** | **23** |
| **Cost to service assumption ($ per loan)** | | **129** | | | |
| **Decrease in fair value from:** | | | | | |
| **10% adverse change** | | **442** | | | |
| **25% adverse change** | | **1,100** | | | |
| **Credit loss assumption** | | | | **4.9%** | **—** |
| **Decrease in fair value from:** | | | | | |
| **10% higher losses** | | | | **$ 2** | **—** |
| **25% higher losses** | | | | **5** | **—** |
| Fair value of interests held at December 31, 2017 | $ | 13,625 | 19 | 596 | 468 |
| Expected weighted-average life (in years) | | 6.2 | 3.3 | 6.7 | 5.2 |
| Key economic assumptions: | | | | | |
| Prepayment speed assumption (3) | | 10.5% | 20.0 | | |
| Decrease in fair value from: | | | | | |
| 10% adverse change | $ | 565 | 1 | | |
| 25% adverse change | | 1,337 | 2 | | |
| Discount rate assumption | | 6.9% | 14.8 | 4.1 | 3.1 |
| Decrease in fair value from: | | | | | |
| 100 basis point increase | $ | 652 | — | 32 | 20 |
| 200 basis point increase | | 1,246 | 1 | 61 | 39 |
| Cost to service assumption ($ per loan) | | 143 | | | |
| Decrease in fair value from: | | | | | |
| 10% adverse change | | 467 | | | |
| 25% adverse change | | 1,169 | | | |
| Credit loss assumption | | | | 1.8% | — |
| Decrease in fair value from: | | | | | |
| 10% higher losses | | | | $ — | — |
| 25% higher losses | | | | — | — |

(1) See narrative following this table for a discussion of commercial mortgage servicing rights.
(2) Prepayment speed assumptions do not significantly impact the value of commercial mortgage securitization bonds as the underlying commercial mortgage loans experience significantly lower prepayments due to certain contractual restrictions, impacting the borrower's ability to prepay the mortgage.
(3) The prepayment speed assumption for residential mortgage servicing rights includes a blend of prepayment speeds and default rates. Prepayment speed assumptions are influenced by mortgage interest rate inputs as well as our estimation of drivers of borrower behavior.

In addition to residential mortgage servicing rights (MSRs) included in the previous table, we have a small portfolio of commercial MSRs with a fair value of $2.4 billion and $2.0 billion at September 30, 2018, and December 31, 2017, respectively. The nature of our commercial MSRs, which are carried at LOCOM, is different from our residential MSRs. Prepayment activity on serviced loans does not significantly impact the value of commercial MSRs because, unlike residential mortgages, commercial mortgages experience significantly lower prepayments due to certain contractual restrictions, impacting the borrower's ability to prepay the mortgage. Additionally, for our commercial MSR portfolio, we are typically master/primary servicer, but not the special servicer, who is separately responsible for the servicing and workout of delinquent and foreclosed loans. It is the special servicer, similar to our role as servicer of residential mortgage loans, who is affected by higher servicing and foreclosure costs due to an increase in delinquent and foreclosed loans. Accordingly, prepayment speeds and costs to service are not key assumptions for commercial MSRs as they do not significantly impact the valuation. The primary economic driver impacting the fair value of our commercial MSRs is forward interest rates, which are derived from market observable yield curves used to price capital markets instruments. Market interest rates significantly affect interest earned on custodial deposit balances. The sensitivity of the current fair value to an immediate adverse 25% change in the assumption about interest

earned on deposit balances at September 30, 2018, and December 31, 2017, results in a decrease in fair value of $347 million and $278 million, respectively. See Note 10 (Mortgage Banking Activities) for further information on our commercial MSRs.

The sensitivities in the preceding paragraph and table are hypothetical and caution should be exercised when relying on this data. Changes in value based on variations in assumptions generally cannot be extrapolated because the relationship of the change in the assumption to the change in value may not be linear. Also, the effect of a variation in a particular assumption on the value of the other interests held is calculated independently without changing any other assumptions. In reality, changes in one factor may result in changes in others (for example, changes in prepayment speed estimates could result in changes in the credit losses), which might magnify or counteract the sensitivities.

**Off-Balance Sheet Loans**

Table 9.6 presents information about the principal balances of off-balance sheet loans that were sold or securitized, including residential mortgage loans sold to FNMA, FHLMC, GNMA and other investors, for which we have some form of continuing involvement (including servicer). Delinquent loans include loans 90 days or more past due and loans in bankruptcy, regardless of delinquency status. For loans sold or securitized where servicing is our only form of continuing involvement, we would only experience a loss if we were required to repurchase a delinquent loan or foreclosed asset due to a breach in representations and warranties associated with our loan sale or servicing contracts.

**Table 9.6: Off-Balance Sheet Loans Sold or Securitized**

| | | | | | Net charge-offs | |
|---|---|---|---|---|---|---|
| | Total loans | | Delinquent loans and foreclosed assets (1) | | Nine months ended September 30, | |
| (in millions) | **Sep 30, 2018** | Dec 31, 2017 | **Sep 30, 2018** | Dec 31, 2017 | **2018** | 2017 |
| Commercial: | | | | | | |
| Real estate mortgage | **$ 102,384** | 100,875 | **1,997** | 2,839 | **244** | 718 |
| Total commercial | **102,384** | 100,875 | **1,997** | 2,839 | **244** | 718 |
| Consumer: | | | | | | |
| Real estate 1-4 family first mortgage | **1,110,568** | 1,126,208 | **9,863** | 13,393 | **368** | 546 |
| Total consumer | **1,110,568** | 1,126,208 | **9,863** | 13,393 | **368** | 546 |
| Total off-balance sheet sold or securitized loans (2) | **$ 1,212,952** | 1,227,083 | **11,860** | 16,232 | **612** | 1,264 |

(1) Includes $1.3 billion and $1.2 billion of commercial foreclosed assets and $656 million and $879 million of consumer foreclosed assets at September 30, 2018, and December 31, 2017, respectively.

(2) At September 30, 2018, and December 31, 2017, the table includes total loans of $1.1 trillion at both dates, delinquent loans of $6.6 billion and $9.1 billion, and foreclosed assets of $455 million and $619 million, respectively, for FNMA, FHLMC and GNMA. Net charge-offs exclude loans sold to FNMA, FHLMC and GNMA as we do not service or manage the underlying real estate upon foreclosure and, as such, do not have access to net charge-off information.

## Transactions with Consolidated VIEs and Secured Borrowings

Table 9.7 presents a summary of financial assets and liabilities for asset transfers accounted for as secured borrowings and involvements with consolidated VIEs. Carrying values of "Assets" are presented using GAAP measurement methods, which may include fair value, credit impairment or other adjustments, and therefore in some instances will differ from "Total VIE assets." For VIEs that obtain exposure synthetically through derivative instruments, the remaining notional amount of the derivative is included in "Total VIE assets." On the consolidated balance sheet, we separately disclose the consolidated assets of certain VIEs that can only be used to settle the liabilities of those VIEs.

**Table 9.7: Transactions with Consolidated VIEs and Secured Borrowings**

| | | | Carrying value | | | |
|---|---|---|---|---|---|---|
| (in millions) | | Total VIE assets | Assets | Liabilities | Noncontrolling interests | Net assets |
| **September 30, 2018** | | | | | | |
| **Secured borrowings:** | | | | | | |
| **Municipal tender option bond securitizations** | **$** | **647** | **545** | **(521)** | **—** | **24** |
| **Residential mortgage securitizations** | | **99** | **96** | **(97)** | **—** | **(1)** |
| **Total secured borrowings** | | **746** | **641** | **(618)** | **—** | **23** |
| **Consolidated VIEs:** | | | | | | |
| **Commercial and industrial loans and leases** | | **7,571** | **7,546** | **(447)** | **(13)** | **7,086** |
| **Nonconforming residential mortgage loan securitizations** | | **2,127** | **1,873** | **(576)** | **—** | **1,297** |
| **Commercial real estate loans** | | **3,648** | **3,648** | **—** | **—** | **3,648** |
| **Structured asset finance** | | **—** | **—** | **—** | **—** | **—** |
| **Investment funds** | | **61** | **61** | **(1)** | **(18)** | **42** |
| **Other** | | **12** | **12** | **(1)** | **(6)** | **5** |
| **Total consolidated VIEs** | | **13,419** | **13,140** | **(1,025)** | **(37)** | **12,078** |
| **Total secured borrowings and consolidated VIEs** | **$** | **14,165** | **13,781** | **(1,643)** | **(37)** | **12,101** |
| December 31, 2017 | | | | | | |
| Secured borrowings: | | | | | | |
| Municipal tender option bond securitizations | $ | 658 | 565 | (532) | — | 33 |
| Residential mortgage securitizations | | 113 | 110 | (111) | — | (1) |
| Total secured borrowings | | 771 | 675 | (643) | — | 32 |
| Consolidated VIEs: | | | | | | |
| Commercial and industrial loans and leases | | 9,116 | 8,626 | (915) | (29) | 7,682 |
| Nonconforming residential mortgage loan securitizations | | 2,515 | 2,212 | (694) | — | 1,518 |
| Commercial real estate loans | | 2,378 | 2,378 | — | — | 2,378 |
| Structured asset finance | | 10 | 6 | (4) | — | 2 |
| Investment funds | | 305 | 305 | (2) | (230) | 73 |
| Other | | 100 | 90 | (1) | (24) | 65 |
| Total consolidated VIEs | | 14,424 | 13,617 | (1,616) | (283) | 11,718 |
| Total secured borrowings and consolidated VIEs | $ | 15,195 | 14,292 | (2,259) | (283) | 11,750 |

**INVESTMENT FUNDS** Subsequent to adopting ASU 2015-02 – *Amendments to the Consolidation Analysis* in first quarter 2016, we consolidate certain investment funds because we have both the power to manage fund assets and hold variable interests that are considered significant.

For complete descriptions of our accounting for transfers accounted for as secured borrowings and involvements with consolidated VIEs, see Note 8 (Securitizations and Variable Interest Entities) to Financial Statements in our 2017 Form 10-K.

# Note 10: Mortgage Banking Activities

Mortgage banking activities, included in the Community Banking and Wholesale Banking operating segments, consist of residential and commercial mortgage originations, sale activity and servicing.

We apply the amortization method to commercial MSRs and apply the fair value method to residential MSRs. Table 10.1 presents the changes in MSRs measured using the fair value method.

**Table 10.1: Analysis of Changes in Fair Value MSRs**

| | Quarter ended Sep 30, | | Nine months ended Sep 30, | |
|---|---|---|---|---|
| (in millions) | **2018** | 2017 | **2018** | 2017 |
| Fair value, beginning of period | **$ 15,411** | 12,789 | **13,625** | 12,959 |
| Purchases | **—** | 541 | **—** | 541 |
| Servicing from securitizations or asset transfers (1) | **502** | 605 | **1,561** | 1,624 |
| Sales and other (2) | **(2)** | 64 | **(7)** | 9 |
| Net additions | **500** | 1,210 | **1,554** | 2,174 |
| Changes in fair value: | | | | |
| Due to changes in valuation model inputs or assumptions: | | | | |
| Mortgage interest rates (3) | **582** | (171) | **2,211** | (324) |
| Servicing and foreclosure costs (4) | **(9)** | 60 | **55** | 73 |
| Discount rates (5) | **(9)** | — | **(9)** | — |
| Prepayment estimates and other (6) | **(33)** | (31) | **(51)** | (77) |
| Net changes in valuation model inputs or assumptions | **531** | (142) | **2,206** | (328) |
| Changes due to collection/realization of expected cash flows over time | **(462)** | (519) | **(1,405)** | (1,467) |
| Total changes in fair value | **69** | (661) | **801** | (1,795) |
| Fair value, end of period | **$ 15,980** | 13,338 | **15,980** | 13,338 |

(1) Includes impacts associated with exercising our right to repurchase delinquent loans from GNMA loan securitization pools.
(2) Includes sales and transfers of MSRs, which can result in an increase of total reported MSRs if the sales or transfers are related to nonperforming loan portfolios or portfolios with servicing liabilities.
(3) Includes prepayment speed changes as well as other valuation changes due to changes in mortgage interest rates (such as changes in estimated interest earned on custodial deposit balances).
(4) Includes costs to service and unreimbursed foreclosure costs.
(5) Reflects discount rate assumption change, excluding portion attributable to changes in mortgage interest rates.
(6) Represents changes driven by other valuation model inputs or assumptions including prepayment speed estimation changes and other assumption updates. Prepayment speed estimation changes are influenced by observed changes in borrower behavior and other external factors that occur independent of interest rate changes.

Table 10.2 presents the changes in amortized MSRs.

**Table 10.2: Analysis of Changes in Amortized MSRs**

| | Quarter ended Sep 30, | | Nine months ended Sep 30, | |
|---|---|---|---|---|
| (in millions) | **2018** | 2017 | **2018** | 2017 |
| Balance, beginning of period | **$ 1,407** | 1,399 | **1,424** | 1,406 |
| Purchases | **42** | 31 | **82** | 75 |
| Servicing from securitizations or asset transfers | **33** | 41 | **106** | 123 |
| Amortization | **(68)** | (65) | **(198)** | (198) |
| Balance, end of period (1) | **$ 1,414** | 1,406 | **1,414** | 1,406 |
| Fair value of amortized MSRs: | | | | |
| Beginning of period | **$ 2,309** | 1,989 | **2,025** | 1,956 |
| End of period | **2,389** | 1,990 | **2,389** | 1,990 |

(1) Commercial amortized MSRs are evaluated for impairment purposes by the following risk strata: agency (GSEs) for multi-family properties and non-agency. There was no valuation allowance recorded for the periods presented on the commercial amortized MSRs.

We present the components of our managed servicing portfolio in Table 10.3 at unpaid principal balance for loans serviced and subserviced for others and at book value for owned loans serviced.

**Table 10.3: Managed Servicing Portfolio**

| (in billions) | Sep 30, 2018 | Dec 31, 2017 |
|---|---|---|
| Residential mortgage servicing: | | |
| Serviced for others | **$ 1,184** | 1,209 |
| Owned loans serviced | **337** | 342 |
| Subserviced for others | **5** | 3 |
| Total residential servicing | **1,526** | 1,554 |
| Commercial mortgage servicing: | | |
| Serviced for others | **529** | 495 |
| Owned loans serviced | **121** | 127 |
| Subserviced for others | **9** | 9 |
| Total commercial servicing | **659** | 631 |
| Total managed servicing portfolio | **$ 2,185** | 2,185 |
| Total serviced for others | **$ 1,713** | 1,704 |
| Ratio of MSRs to related loans serviced for others | **1.02%** | 0.88 |

Table 10.4 presents the components of mortgage banking noninterest income.

**Table 10.4: Mortgage Banking Noninterest Income**

| | | Quarter ended Sep 30, | | Nine months ended Sep 30, | |
|---|---|---|---|---|---|
| (in millions) | | **2018** | 2017 | **2018** | 2017 |
| Servicing income, net: | | | | | |
| Servicing fees: | | | | | |
| Contractually specified servicing fees | | **$ 880** | 889 | **2,697** | 2,696 |
| Late charges | | **40** | 41 | **126** | 133 |
| Ancillary fees | | **49** | 51 | **136** | 160 |
| Unreimbursed direct servicing costs (1) | | **(79)** | (186) | **(258)** | (430) |
| Net servicing fees | | **890** | 795 | **2,701** | 2,559 |
| Changes in fair value of MSRs carried at fair value: | | | | | |
| Due to changes in valuation model inputs or assumptions (2) | (A) | **531** | (142) | **2,206** | (328) |
| Changes due to collection/realization of expected cash flows over time | | **(462)** | (519) | **(1,405)** | (1,467) |
| Total changes in fair value of MSRs carried at fair value | | **69** | (661) | **801** | (1,795) |
| Amortization | | **(68)** | (65) | **(198)** | (198) |
| Net derivative gains (losses) from economic hedges (3) | (B) | **(501)** | 240 | **(2,040)** | 599 |
| Total servicing income, net | | **390** | 309 | **1,264** | 1,165 |
| Net gains on mortgage loan origination/sales activities | | **456** | 737 | **1,286** | 2,257 |
| Total mortgage banking noninterest income | | **$ 846** | 1,046 | **2,550** | 3,422 |
| Market-related valuation changes to MSRs, net of hedge results (2)(3) | (A)+(B) | **$ 30** | 98 | **166** | 271 |

(1) Includes costs associated with foreclosures, unreimbursed interest advances to investors, and other interest costs.
(2) Refer to the analysis of changes in fair value MSRs presented in Table 10.1 in this Note for more detail.
(3) Represents results from economic hedges used to hedge the risk of changes in fair value of MSRs. See Note 14 (Derivatives Not Designated as Hedging Instruments) for additional discussion and detail.

Table 10.5 summarizes the changes in our liability for mortgage loan repurchase losses. This liability is in "Accrued expenses and other liabilities" in our consolidated balance sheet and adjustments to the repurchase liability are recorded in net gains on mortgage loan origination/sales activities in "Mortgage banking" in our consolidated income statement.

Because of the uncertainty in the various estimates underlying the mortgage repurchase liability, there is a range of losses in excess of the recorded mortgage repurchase liability that is reasonably possible. The estimate of the range of possible loss for representations and warranties does not represent a probable loss, and is based on currently available information, significant judgment, and a number of assumptions that are subject to change. The high end of this range of reasonably possible losses exceeded our recorded liability by $201 million at September 30, 2018, and was determined based upon modifying the assumptions (particularly to assume significant changes in investor repurchase demand practices) used in our best estimate of probable loss to reflect what we believe to be the high end of reasonably possible adverse assumptions.

**Table 10.5: Analysis of Changes in Liability for Mortgage Loan Repurchase Losses**

| | Quarter ended Sep 30, | | Nine months ended Sep 30, | |
|---|---|---|---|---|
| (in millions) | **2018** | 2017 | **2018** | 2017 |
| Balance, beginning of period | **$ 179** | 178 | **181** | 229 |
| Assumed with MSR purchases (1) | **—** | 10 | **—** | 10 |
| Provision for repurchase losses: | | | | |
| Loan sales | **5** | 6 | **12** | 20 |
| Change in estimate (2) | **(4)** | (12) | **(5)** | (65) |
| Net additions (reductions) to provision | **1** | (6) | **7** | (45) |
| Losses | **(2)** | (3) | **(10)** | (15) |
| Balance, end of period | **$ 178** | 179 | **178** | 179 |

(1) Represents repurchase liability associated with portfolio of loans underlying mortgage servicing rights acquired during the period.
(2) Results from changes in investor demand and mortgage insurer practices, credit deterioration and changes in the financial stability of correspondent lenders.

# Note 11: Intangible Assets

Table 11.1 presents the gross carrying value of intangible assets and accumulated amortization.

**Table 11.1: Intangible Assets**

| | | September 30, 2018 | | | December 31, 2017 | |
|---|---|---|---|---|---|---|
| (in millions) | **Gross carrying value** | **Accumulated amortization** | **Net carrying value** | Gross carrying value | Accumulated amortization | Net carrying value |
| Amortized intangible assets (1): | | | | | | |
| MSRs (2) | **$ 4,064** | **(2,650)** | **1,414** | 3,876 | (2,452) | 1,424 |
| Core deposit intangibles | **12,834** | **(12,642)** | **192** | 12,834 | (12,065) | 769 |
| Customer relationship and other intangibles | **3,997** | **(3,377)** | **620** | 3,994 | (3,153) | 841 |
| Total amortized intangible assets | **$ 20,895** | **(18,669)** | **2,226** | 20,704 | (17,670) | 3,034 |
| Unamortized intangible assets: | | | | | | |
| MSRs (carried at fair value) (2) | **$ 15,980** | | | 13,625 | | |
| Goodwill | **26,425** | | | 26,587 | | |
| Trademark | **14** | | | 14 | | |

(1) Excludes fully amortized intangible assets.
(2) See Note 10 (Mortgage Banking Activities) for additional information on MSRs.

Table 11.2 provides the current year and estimated future amortization expense for amortized intangible assets. We based our projections of amortization expense shown below on existing asset balances at September 30, 2018. Future amortization expense may vary from these projections.

**Table 11.2: Amortization Expense for Intangible Assets**

| (in millions) | Amortized MSRs | Core deposit intangibles | Customer relationship and other intangibles (1) | Total |
|---|---|---|---|---|
| **Nine months ended September 30, 2018 (actual)** | **$ 198** | **577** | **224** | **999** |
| Estimate for the remainder of 2018 | **$ 67** | **192** | **75** | **334** |
| Estimate for year ended December 31, | | | | |
| 2019 | 247 | — | 117 | 364 |
| 2020 | 220 | — | 97 | 317 |
| 2021 | 189 | — | 83 | 272 |
| 2022 | 168 | — | 69 | 237 |
| 2023 | 141 | — | 59 | 200 |

(1) The nine months ended September 30, 2018 balance includes $7 million for lease intangible amortization.

Table 11.3 shows the allocation of goodwill to our reportable operating segments.

**Table 11.3: Goodwill**

| (in millions) | | Community Banking | Wholesale Banking | Wealth and Investment Management | Consolidated Company |
|---|---|---|---|---|---|
| December 31, 2016 | $ | 16,849 | 8,585 | 1,259 | 26,693 |
| Reclassification of goodwill held for sale to other assets | | — | (116) | — | (116) |
| Reduction in goodwill related to divested businesses and other | | — | (20) | — | (20) |
| Goodwill from business combinations | | — | — | 24 | 24 |
| September 30, 2017 (1) | $ | 16,849 | 8,449 | 1,283 | 26,581 |
| **December 31, 2017** | **$** | **16,849** | **8,455** | **1,283** | **26,587** |
| **Reclassification of goodwill held for sale to other assets** | | **(155)** | **—** | **—** | **(155)** |
| **Reduction in goodwill related to divested businesses and other** | | **(6)** | **(1)** | **—** | **(7)** |
| **September 30, 2018 (1)** | **$** | **16,688** | **8,454** | **1,283** | **26,425** |

(1) At September 30, 2017, other assets included Goodwill classified as held-for-sale of $116 million related to the sales agreement for Wells Fargo Insurance Services USA (and related businesses) and Wells Fargo Shareowner Services. At September 30, 2018, other assets included Goodwill classified as held-for-sale of $12 million related to the branch divestitures announced in June 2018.

We assess goodwill for impairment at a reporting unit level, which is one level below the operating segments. See Note 21 (Operating Segments) for further information on management reporting.

# Note 12: Guarantees, Pledged Assets and Collateral, and Other Commitments

Guarantees are contracts that contingently require us to make payments to a guaranteed party based on an event or a change in an underlying asset, liability, rate or index. Guarantees are generally in the form of standby letters of credit, securities lending and other indemnifications, written put options, recourse obligations, and other types of arrangements. For complete descriptions of our guarantees, see Note 14 (Guarantees, Pledged Assets and Collateral, and Other Commitments) to Financial Statements in our 2017 Form 10-K. Table 12.1 shows carrying value, maximum exposure to loss on our guarantees and the related non-investment grade amounts.

**Table 12.1: Guarantees – Carrying Value and Maximum Exposure to Loss**

| | | | Maximum exposure to loss | | | | | |
|---|---|---|---|---|---|---|---|---|
| (in millions) | | Carrying value of obligation (asset) | Expires in one year or less | Expires after one year through three years | Expires after three years through five years | Expires after five years | Total | Non-investment grade |
| **September 30, 2018** | | | | | | | | |
| **Standby letters of credit (1)** | **$** | **36** | **14,051** | **8,024** | **3,051** | **476** | **25,602** | **8,025** |
| **Securities lending and other indemnifications (2)** | | **—** | **—** | **—** | **—** | **1,454** | **1,454** | **—** |
| **Written put options (3)** | | **(486)** | **14,420** | **11,122** | **2,876** | **702** | **29,120** | **16,703** |
| **Loans and MLHFS sold with recourse (4)** | | **50** | **148** | **654** | **1,178** | **9,540** | **11,520** | **8,587** |
| **Factoring guarantees (5)** | | **—** | **978** | **—** | **—** | **—** | **978** | **891** |
| **Other guarantees** | | **1** | **3** | **—** | **3** | **2,781** | **2,787** | **4** |
| **Total guarantees** | **$** | **(399)** | **29,600** | **19,800** | **7,108** | **14,953** | **71,461** | **34,210** |
| December 31, 2017 | | | | | | | | |
| Standby letters of credit (1) | $ | 39 | 15,357 | 7,908 | 3,068 | 645 | 26,978 | 8,773 |
| Securities lending and other indemnifications (2) | | — | — | — | 2 | 809 | 811 | 2 |
| Written put options (3) | | (455) | 14,758 | 12,706 | 3,890 | 1,038 | 32,392 | 19,087 |
| Loans and MLHFS sold with recourse (4) | | 51 | 165 | 533 | 934 | 9,385 | 11,017 | 8,155 |
| Factoring guarantees (5) | | — | 747 | — | — | — | 747 | 668 |
| Other guarantees | | 1 | 7 | — | 2 | 4,175 | 4,184 | 7 |
| Total guarantees | $ | (364) | 31,034 | 21,147 | 7,896 | 16,052 | 76,129 | 36,692 |

(1) Total maximum exposure to loss includes direct pay letters of credit (DPLCs) of $7.2 billion and $8.1 billion at September 30, 2018, and December 31, 2017, respectively. We issue DPLCs to provide credit enhancements for certain bond issuances. Beneficiaries (bond trustees) may draw upon these instruments to make scheduled principal and interest payments, redeem all outstanding bonds because a default event has occurred, or for other reasons as permitted by the agreement. We also originate multipurpose lending commitments under which borrowers have the option to draw on the facility in one of several forms, including as a standby letter of credit. Total maximum exposure to loss includes the portion of these facilities for which we have issued standby letters of credit under the commitments.

(2) Includes indemnifications provided to certain third-party clearing agents. Outstanding customer obligations under these arrangements were $115 million and $92 million with related collateral of $1.3 billion and $717 million at September 30, 2018, and December 31, 2017, respectively. Estimated maximum exposure to loss was $1.5 billion at September 30, 2018 and $809 million at December 31, 2017.

(3) Written put options, which are in the form of derivatives, are also included in the derivative disclosures in Note 14 (Derivatives). Carrying value net asset position is a result of certain deferred premium option trades.

(4) Represent recourse provided, predominantly to the GSEs, on loans sold under various programs and arrangements. Under these arrangements, we repurchased $1 million and $2 million of loans associated with these agreements in both the third quarter and first nine months of 2018, and $1 million and $3 million in the same periods of 2017, respectively.

(5) Consists of guarantees made under certain factoring arrangements to purchase trade receivables from third parties, generally upon their request, if receivable debtors default on their payment obligations.

"Maximum exposure to loss" and "Non-investment grade" are required disclosures under GAAP. Non-investment grade represents those guarantees on which we have a higher risk of being required to perform under the terms of the guarantee. If the underlying assets under the guarantee are non-investment grade (that is, an external rating that is below investment grade or an internal credit default grade that is equivalent to a below investment grade external rating), we consider the risk of performance to be high. Internal credit default grades are determined based upon the same credit policies that we use to evaluate the risk of payment or performance when making loans and other extensions of credit. Credit quality indicators we usually consider in evaluating risk of payments or performance are described in Note 6 (Loans and Allowance for Credit Losses).

Maximum exposure to loss represents the estimated loss that would be incurred under an assumed hypothetical circumstance, despite what we believe is a remote possibility, where the value of our interests and any associated collateral declines to zero. Maximum exposure to loss estimates in Table 12.1 do not reflect economic hedges or collateral we could use to offset or recover losses we may incur under our guarantee agreements. Accordingly, this required disclosure is not an indication of expected loss. We believe the carrying value, which is either fair value for derivative-related products or the allowance for lending-related commitments, is more representative of our exposure to loss than maximum exposure to loss.

## Pledged Assets

As part of our liquidity management strategy, we pledge various assets to secure trust and public deposits, borrowings and letters of credit from the FHLB and FRB, securities sold under agreements to repurchase (repurchase agreements), securities lending arrangements, and for other purposes as required or permitted by law or insurance statutory requirements. The types of collateral we pledge include securities issued by federal agencies, GSEs, domestic and foreign companies and various commercial and consumer loans. Table 12.2 provides the total carrying amount of pledged assets by asset type and pledged off-balance sheet securities for securities financings. The table excludes pledged consolidated VIE assets of $13.1 billion and $13.6 billion at September 30, 2018, and December 31, 2017, respectively, which can only be used to settle the liabilities of those entities. The table also excludes $641 million and $675 million in assets pledged in transactions with VIE's accounted for as secured borrowings at September 30, 2018, and December 31, 2017, respectively. See Note 9 (Securitizations and Variable Interest Entities) for additional information on consolidated VIE assets and secured borrowings.

**Table 12.2: Pledged Assets**

| (in millions) | | Sep 30, 2018 | Dec 31, 2017 |
|---|---|---|---|
| Held for trading: | | | |
| Debt securities | $ | **94,862** | 96,993 |
| Equity securities | | **10,996** | 12,161 |
| Total pledged assets held for trading (1) | | **105,858** | 109,154 |
| Not held for trading: | | | |
| Debt securities and other (2) | | **56,327** | 73,592 |
| Mortgage loans held for sale and loans (3) | | **451,031** | 469,554 |
| Total pledged assets not held for trading | | **507,358** | 543,146 |
| Total pledged assets | $ | **613,216** | 652,300 |

(1) Consists of pledged assets held for trading of $47.2 billion and $41.9 billion at September 30, 2018, and December 31, 2017, respectively and off-balance sheet securities of $58.6 billion and $67.3 billion as of the same dates, respectively, that are pledged as collateral for repurchase agreements and other securities financings. Total pledged assets held for trading includes $105.8 billion and $109.0 billion at September 30, 2018, and December 31, 2017, respectively that permit the secured parties to sell or repledge the collateral.

(2) Includes carrying value of $4.3 billion and $5.0 billion (fair value of $4.1 billion and $5.0 billion) in collateral for repurchase agreements at September 30, 2018, and December 31, 2017, respectively, which are pledged under agreements that do not permit the secured parties to sell or repledge the collateral. Also includes $50 million and $64 million in collateral pledged under repurchase agreements at September 30, 2018, and December 31, 2017, respectively, that permit the secured parties to sell or repledge the collateral. Substantially all other pledged securities are pursuant to agreements that do not permit the secured party to sell or repledge the collateral.

(3) Includes mortgage loans held for sale of $1.4 billion and $2.6 billion at September 30, 2018, and December 31, 2017, respectively. Substantially all of the total mortgage loans held for sale and loans are pledged under agreements that do not permit the secured parties to sell or repledge the collateral. Amounts exclude $1.0 billion and $2.2 billion at September 30, 2018, and December 31, 2017, respectively, of pledged loans recorded on our balance sheet representing certain delinquent loans that are eligible for repurchase from GNMA loan securitizations.

## Securities Financing Activities

We enter into resale and repurchase agreements and securities borrowing and lending agreements (collectively, "securities financing activities") typically to finance trading positions (including securities and derivatives), acquire securities to cover short trading positions, accommodate customers' financing needs, and settle other securities obligations. These activities are conducted through our broker-dealer subsidiaries and to a lesser extent through other bank entities. Most of our securities financing activities involve high quality, liquid securities such as U.S. Treasury securities and government agency securities, and to a lesser extent, less liquid securities, including equity securities, corporate bonds and asset-backed securities. We account for these transactions as collateralized financings in which we typically receive or pledge securities as collateral. We believe these financing transactions generally do not have material credit risk given the collateral provided and the related monitoring processes.

**OFFSETTING OF RESALE AND REPURCHASE AGREEMENTS AND SECURITIES BORROWING AND LENDING AGREEMENTS** Table 12.3 presents resale and repurchase agreements subject to master repurchase agreements (MRA) and securities borrowing and lending agreements subject to master securities lending agreements (MSLA). We account for transactions subject to these agreements as collateralized financings, and those with a single counterparty are presented net on our balance sheet, provided certain criteria are met that permit balance sheet netting. Most transactions subject to these agreements do not meet those criteria and thus are not eligible for balance sheet netting.

Collateral we pledged consists of non-cash instruments, such as securities or loans, and is not netted on the balance sheet against the related liability. Collateral we received includes securities or loans and is not recognized on our balance sheet. Collateral pledged or received may be increased or decreased over time to maintain certain contractual thresholds as the assets underlying each arrangement fluctuate in value. Generally, these agreements require collateral to exceed the asset or liability recognized on the balance sheet. The following table includes the amount of collateral pledged or received related to exposures subject to enforceable MRAs or MSLAs. While these agreements are typically over-collateralized, U.S. GAAP requires disclosure in this table to limit the reported amount of such collateral to the amount of the related recognized asset or liability for each counterparty.

In addition to the amounts included in Table 12.3, we also have balance sheet netting related to derivatives that is disclosed in Note 14 (Derivatives).

**Table 12.3: Offsetting – Resale and Repurchase Agreements**

| (in millions) | | **Sep 30, 2018** | Dec 31, 2017 |
|---|---|---|---|
| Assets: | | | |
| Resale and securities borrowing agreements | | | |
| Gross amounts recognized | **$** | **114,914** | 121,135 |
| Gross amounts offset in consolidated balance sheet (1) | | **(14,371)** | (23,188) |
| Net amounts in consolidated balance sheet (2) | | **100,543** | 97,947 |
| Collateral not recognized in consolidated balance sheet (3) | | **(99,699)** | (96,829) |
| Net amount (4) | **$** | **844** | 1,118 |
| Liabilities: | | | |
| Repurchase and securities lending agreements | | | |
| Gross amounts recognized (5) | **$** | **106,253** | 111,488 |
| Gross amounts offset in consolidated balance sheet (1) | | **(14,371)** | (23,188) |
| Net amounts in consolidated balance sheet (6) | | **91,882** | 88,300 |
| Collateral pledged but not netted in consolidated balance sheet (7) | | **(91,580)** | (87,918) |
| Net amount (8) | **$** | **302** | 382 |

(1) Represents recognized amount of resale and repurchase agreements with counterparties subject to enforceable MRAs that have been offset in the consolidated balance sheet.
(2) At September 30, 2018, and December 31, 2017, includes $83.4 billion and $78.9 billion, respectively, classified on our consolidated balance sheet in federal funds sold and securities purchased under resale agreements. Balance also includes securities purchased under long-term resale agreements (generally one year or more) classified in loans, which totaled $17.1 billion and $19.0 billion, at September 30, 2018, and December 31, 2017, respectively.
(3) Represents the fair value of collateral we have received under enforceable MRAs or MSLAs, limited for table presentation purposes to the amount of the recognized asset due from each counterparty. At September 30, 2018, and December 31, 2017, we have received total collateral with a fair value of $124.1 billion and $130.8 billion, respectively, all of which, we have the right to sell or repledge. These amounts include securities we have sold or repledged to others with a fair value of $60.4 billion at September 30, 2018, and $66.3 billion at December 31, 2017.
(4) Represents the amount of our exposure that is not collateralized and/or is not subject to an enforceable MRA or MSLA.
(5) For additional information on underlying collateral and contractual maturities, see the "Repurchase and Securities Lending Agreements" section in this Note.
(6) Amount is classified in short-term borrowings on our consolidated balance sheet.
(7) Represents the fair value of collateral we have pledged, related to enforceable MRAs or MSLAs, limited for table presentation purposes to the amount of the recognized liability owed to each counterparty. At September 30, 2018, and December 31, 2017, we have pledged total collateral with a fair value of $108.7 billion and $113.6 billion, respectively, of which, the counterparty does not have the right to sell or repledge $4.3 billion as of September 30, 2018 and $5.2 billion as of December 31, 2017.
(8) Represents the amount of our obligation that is not covered by pledged collateral and/or is not subject to an enforceable MRA or MSLA.

**REPURCHASE AND SECURITIES LENDING AGREEMENTS**

Securities sold under repurchase agreements and securities lending arrangements are effectively short-term collateralized borrowings. In these transactions, we receive cash in exchange for transferring securities as collateral and recognize an obligation to reacquire the securities for cash at the transaction's maturity. These types of transactions create risks, including (1) the counterparty may fail to return the securities at maturity, (2) the fair value of the securities transferred may decline below the amount of our obligation to reacquire the securities, and therefore create an obligation for us to pledge additional amounts, and (3) the counterparty may accelerate the maturity on demand, requiring us to reacquire the security prior to contractual maturity. We attempt to mitigate these risks by the fact that most of our securities financing activities involve highly liquid securities, we underwrite and monitor the financial strength of our counterparties, we monitor the fair value of collateral pledged relative to contractually required repurchase amounts, and we monitor that our collateral is properly returned through the clearing and settlement process in advance of our cash repayment. Table 12.4 provides the underlying collateral types of our gross obligations under repurchase and securities lending agreements.

**Table 12.4: Underlying Collateral Types of Gross Obligations**

| (in millions) | | Sep 30, 2018 | Dec 31, 2017 |
|---|---|---|---|
| Repurchase agreements: | | | |
| Securities of U.S. Treasury and federal agencies (1) | $ | **35,758** | 40,507 |
| Securities of U.S. States and political subdivisions | | **68** | 92 |
| Federal agency mortgage-backed securities (1) | | **45,153** | 45,336 |
| Non-agency mortgage-backed securities | | **1,441** | 1,324 |
| Corporate debt securities (1) | | **8,869** | 8,020 |
| Asset-backed securities | | **2,128** | 2,034 |
| Equity securities | | **793** | 838 |
| Other (1) | | **1,424** | 1,602 |
| Total repurchases | | **95,634** | 99,753 |
| Securities lending: | | | |
| Securities of U.S. Treasury and federal agencies | | **192** | 186 |
| Corporate debt securities | | **418** | 619 |
| Equity securities (2) | | **9,947** | 10,930 |
| Other | | **62** | — |
| Total securities lending | | **10,619** | 11,735 |
| Total repurchases and securities lending | $ | **106,253** | 111,488 |

(1) Amounts for December 31, 2017 have been revised to conform with the current period classification of certain collateral.
(2) Equity securities are generally exchange traded and either re-hypothecated under margin lending agreements or obtained through contemporaneous securities borrowing transactions with other counterparties.

Table 12.5 provides the contractual maturities of our gross obligations under repurchase and securities lending agreements.

**Table 12.5: Contractual Maturities of Gross Obligations**

| (in millions) | | Overnight/ continuous | Up to 30 days | 30-90 days | >90 days | Total gross obligation |
|---|---|---|---|---|---|---|
| **September 30, 2018** | | | | | | |
| **Repurchase agreements** | **$** | **82,130** | **5,879** | **2,954** | **4,671** | **95,634** |
| **Securities lending** | | **10,281** | **38** | **300** | **—** | **10,619** |
| **Total repurchases and securities lending (1)** | **$** | **92,411** | **5,917** | **3,254** | **4,671** | **106,253** |
| December 31, 2017 | | | | | | |
| Repurchase agreements | $ | 83,780 | 7,922 | 3,286 | 4,765 | 99,753 |
| Securities lending | | 9,634 | 584 | 1,363 | 154 | 11,735 |
| Total repurchases and securities lending (1) | $ | 93,414 | 8,506 | 4,649 | 4,919 | 111,488 |

(1) Securities lending is executed under agreements that allow either party to terminate the transaction without notice, while repurchase agreements have a term structure to them that technically matures at a point in time. The overnight/continuous repurchase agreements require election of both parties to roll the trade rather than the election to terminate the arrangement as in securities lending.

**OTHER COMMITMENTS** To meet the financing needs of our customers, we may enter into commitments to purchase debt and equity securities to provide capital for their funding, liquidity or other future needs. As of September 30, 2018, and December 31, 2017, we had commitments to purchase debt securities of $1.4 billion and $194 million, respectively, and commitments to purchase equity securities of $2.4 billion and $2.2 billion, respectively.

As part of maintaining our memberships in certain clearing organizations, we are required to stand ready to provide liquidity meant to sustain market clearing activity in the event unforeseen events occur or are deemed likely to occur. This includes commitments we have entered into to purchase securities under resale agreements from a central clearing organization that, at its option, require us to provide funding under such agreements. We do not have any outstanding amounts funded, and the amount of our unfunded contractual commitment was $5.1 billion and $2.8 billion as of September 30, 2018, and December 31, 2017, respectively.

The Parent will fully and unconditionally guarantee securities that its 100% owned finance subsidiary, Wells Fargo Finance LLC, may issue.

## Note 13: Legal Actions

Wells Fargo and certain of our subsidiaries are involved in a number of judicial, regulatory, arbitration, and other proceedings concerning matters arising from the conduct of our business activities, and many of those proceedings expose Wells Fargo to potential financial loss. These proceedings include actions brought against Wells Fargo and/or our subsidiaries with respect to corporate-related matters and transactions in which Wells Fargo and/or our subsidiaries were involved. In addition, Wells Fargo and our subsidiaries may be requested to provide information or otherwise cooperate with government authorities in the conduct of investigations of other persons or industry groups.

Although there can be no assurance as to the ultimate outcome, Wells Fargo and/or our subsidiaries have generally denied, or believe we have a meritorious defense and will deny, liability in all significant legal actions pending against us, including the matters described below, and we intend to defend vigorously each case, other than matters we describe as having settled. We establish accruals for legal actions when potential losses associated with the actions become probable and the costs can be reasonably estimated. For such accruals, we record the amount we consider to be the best estimate within a range of potential losses that are both probable and estimable; however, if we cannot determine a best estimate, then we record the low end of the range of those potential losses. The actual costs of resolving legal actions may be substantially higher or lower than the amounts accrued for those actions.

**ATM ACCESS FEE LITIGATION** In October 2011, plaintiffs filed a putative class action, *Mackmin, et al. v. Visa, Inc. et al.*, against Wells Fargo & Company, Wells Fargo Bank, N.A., Visa, MasterCard, and several other banks in the United States District Court for the District of Columbia. Plaintiffs allege that the Visa and MasterCard requirement that if an ATM operator charges an access fee on Visa and MasterCard transactions, then that fee cannot be greater than the access fee charged for transactions on other networks violates antitrust rules. Plaintiffs seek treble damages, restitution, injunctive relief, and attorneys' fees where available under federal and state law. Two other antitrust cases that make similar allegations were filed in the same court, but these cases did not name Wells Fargo as a defendant. On February 13, 2013, the district court granted defendants' motions to dismiss the three actions. Plaintiffs appealed the dismissals and, on August 4, 2015, the United States Court of Appeals for the District of Columbia Circuit vacated the district court's decisions and remanded the three cases to the district court for further proceedings. On June 28, 2016, the United States Supreme Court granted defendants' petitions for writ of certiorari to review the decisions of the United States Court of Appeals for the District of Columbia. On November 17, 2016, the United States Supreme Court dismissed the petitions as improvidently granted, and the three cases returned to the district court for further proceedings.

**AUTOMOBILE LENDING MATTERS** On April 20, 2018, the Company entered into consent orders with the Office of the Comptroller of the Currency (OCC) and the Bureau of Consumer Financial Protection (BCFP) to resolve, among other things, investigations by the agencies into the Company's compliance risk management program and its past practices involving certain automobile collateral protection insurance (CPI) policies and, as discussed below, certain mortgage interest rate lock extensions. The consent orders require remediation to customers and the payment of a total of $1 billion in civil money penalties to the agencies. In July 2017, the Company announced a plan to remediate customers who may have been financially harmed due to issues related to automobile CPI policies purchased through a third-party vendor on their behalf. Multiple putative class action cases alleging, among other things, unfair and deceptive practices relating to these CPI policies, have been filed against the Company and consolidated into one multi-district litigation in the United States District Court for the Central District of California. A putative class of shareholders also filed a securities fraud class action against the Company and its executive officers alleging material misstatements and omissions of CPI-related information in the Company's public disclosures. Former team members have also alleged retaliation for raising concerns regarding automobile lending practices. In addition, the Company has identified certain issues related to the unused portion of guaranteed automobile protection (GAP) waiver or insurance agreements between the dealer and, by assignment, the lender, which will result in refunds to customers in certain states. Allegations related to the CPI and GAP programs are among the subjects of shareholder derivative lawsuits pending in federal and state court in California. The court dismissed the state court action in September 2018, but granted plaintiffs leave to file an amended complaint by November 23, 2018. These and other issues related to the origination, servicing, and/or collection of consumer automobile loans, including related insurance products, have also subjected the Company to formal or informal inquiries, investigations, or examinations from federal and state government agencies, including a multi-state attorneys general group that is conducting an investigation into CPI and GAP. The Company anticipates it may continue to identify and remediate issues related to historical practices concerning the origination, servicing, and/or collection of consumer automobile loans.

**CONSUMER DEPOSIT ACCOUNT RELATED REGULATORY INVESTIGATION** The BCFP is conducting an investigation into whether customers were unduly harmed by the Company's procedures regarding the freezing (and, in many cases, closing) of consumer deposit accounts after the Company detected suspected fraudulent activity (by third parties or account holders) that affected those accounts. A former team member has brought a state court action alleging retaliation for raising concerns about these procedures.

**FIDUCIARY AND CUSTODY ACCOUNT FEE CALCULATIONS** Federal government agencies are conducting formal or informal inquiries, investigations, or examinations regarding fee calculations within certain fiduciary and custody accounts in the Company's investment and fiduciary services business, which is part of the wealth management business within WIM. The Company has determined that there have been instances of incorrect fees being applied to certain assets and accounts, resulting in both overcharges and undercharges to customers.

**FOREIGN EXCHANGE BUSINESS** Federal government agencies, including the United States Department of Justice, are investigating or examining certain activities in the Company's foreign exchange business. The Company has accrued amounts to remediate customers that may have received pricing inconsistent with commitments made to those customers, and to rebate customers where historic pricing, while consistent with contracts

entered into with those customers, does not conform to recently implemented standards and pricing.

**INADVERTENT CLIENT INFORMATION DISCLOSURE** In July 2017, the Company inadvertently provided certain client information in response to a third-party subpoena issued in a civil litigation. The Company obtained permanent injunctions in New Jersey and New York state courts requiring the electronic data that contained the client information and all copies to be delivered to the New Jersey state court and the Company for safekeeping. The court has now returned the data to counsel for the Company. The Company has made voluntary self-disclosures to various state and federal regulatory agencies. Notifications have been sent to clients whose personal identifying data was contained in the inadvertent production.

**INTERCHANGE LITIGATION** Plaintiffs representing a putative class of merchants have filed putative class actions, and individual merchants have filed individual actions, against Wells Fargo Bank, N.A., Wells Fargo & Company, Wachovia Bank, N.A. and Wachovia Corporation regarding the interchange fees associated with Visa and MasterCard payment card transactions. Visa, MasterCard, and several other banks and bank holding companies are also named as defendants in these actions. These actions have been consolidated in the United States District Court for the Eastern District of New York. The amended and consolidated complaint asserts claims against defendants based on alleged violations of federal and state antitrust laws and seeks damages, as well as injunctive relief. Plaintiff merchants allege that Visa, MasterCard, and payment card issuing banks unlawfully colluded to set interchange rates. Plaintiffs also allege that enforcement of certain Visa and MasterCard rules and alleged tying and bundling of services offered to merchants are anticompetitive. Wells Fargo and Wachovia, along with other defendants and entities, are parties to Loss and Judgment Sharing Agreements, which provide that they, along with other entities, will share, based on a formula, in any losses from the Interchange Litigation. On July 13, 2012, Visa, MasterCard, and the financial institution defendants, including Wells Fargo, signed a memorandum of understanding with plaintiff merchants to resolve the consolidated class action and reached a separate settlement in principle of the consolidated individual actions. The settlement payments to be made by all defendants in the consolidated class and individual actions totaled approximately $6.6 billion before reductions applicable to certain merchants opting out of the settlement. The class settlement also provided for the distribution to class merchants of 10 basis points of default interchange across all credit rate categories for a period of 8 consecutive months. The district court granted final approval of the settlement, which was appealed to the United States Court of Appeals for the Second Circuit by settlement objector merchants. Other merchants opted out of the settlement and are pursuing several individual actions. On June 30, 2016, the Second Circuit vacated the settlement agreement and reversed and remanded the consolidated action to the United States District Court for the Eastern District of New York for further proceedings. On November 23, 2016, prior class counsel filed a petition to the United States Supreme Court, seeking review of the reversal of the settlement by the Second Circuit, and the Supreme Court denied the petition on March 27, 2017. On November 30, 2016, the district court appointed lead class counsel for a damages class and an equitable relief class. The parties have entered into a settlement agreement to resolve the money damages class claims pursuant to which defendants will pay a total of approximately $6.2 billion, which includes approximately $5.3 billion of funds remaining from the 2012 settlement and $900 million in additional funding. The Company's allocated responsibility for the additional funding is approximately $94.5 million. Plaintiffs filed a motion for preliminary approval of the settlement in September 2018. Several of the opt-out litigations were settled during the pendency of the Second Circuit appeal while others remain pending. Discovery is proceeding in the opt-out litigations and the equitable relief class case.

**LOW INCOME HOUSING TAX CREDITS** Federal government agencies have undertaken formal or informal inquiries or investigations regarding the manner in which the Company purchased, and negotiated the purchase of, certain federal low income housing tax credits in connection with the financing of low income housing developments.

**MORTGAGE BANKRUPTCY LOAN MODIFICATION LITIGATION** Plaintiffs, representing a putative class of mortgage borrowers who were debtors in Chapter 13 bankruptcy cases, filed a putative class action, *Cotton, et al. v. Wells Fargo, et al.*, against Wells Fargo & Company and Wells Fargo Bank, N.A. in the United States Bankruptcy Court for the Western District of North Carolina on June 7, 2017. Plaintiffs allege that Wells Fargo improperly and unilaterally modified the mortgages of borrowers who were debtors in Chapter 13 bankruptcy cases. Plaintiffs allege that Wells Fargo implemented these modifications by improperly filing mortgage payment change notices in Chapter 13 bankruptcy cases, in violation of bankruptcy rules and process. The amended complaint asserts claims based on, among other things, alleged fraud, violations of bankruptcy rules and laws, and unfair and deceptive trade practices. The amended complaint seeks monetary damages, attorneys' fees, and declaratory and injunctive relief. The parties have entered into a settlement agreement pursuant to which the Company will pay $13.5 million to resolve the claims. On October 24, 2018, the court granted preliminary approval of the settlement and scheduled a final fairness hearing for March 4, 2019.

**MORTGAGE INTEREST RATE LOCK RELATED REGULATORY INVESTIGATION** On April 20, 2018, the Company entered into consent orders with the OCC and BCFP to resolve, among other things, investigations by the agencies into the Company's compliance risk management program and its past practices involving certain automobile CPI policies and certain mortgage interest rate lock extensions. The consent orders require remediation to customers and the payment of a total of $1 billion in civil money penalties to the agencies. On October 4, 2017, the Company announced plans to reach out to all home lending customers who paid fees for mortgage rate lock extensions requested from September 16, 2013, through February 28, 2017, and to provide refunds, with interest, to customers who believe they should not have paid those fees. The Company was named in a putative class action, filed in the United States District Court for the Northern District of California, alleging violations of federal and state consumer fraud statutes relating to mortgage rate lock extension fees. The Company filed a motion to dismiss and the court granted the motion. Subsequently, a putative class action was filed in the United States District Court for the District of Oregon, raising similar allegations. In addition, former team members have asserted claims, including in pending litigation, that they were terminated for raising concerns regarding mortgage interest rate lock extension practices. Allegations related to mortgage interest rate lock extension fees are also among the subjects of two shareholder derivative lawsuits filed in

California state court. This matter has also subjected the Company to formal or informal inquiries, investigations or examinations from other federal and state government agencies, including a multi-state attorneys general group.

**MORTGAGE-RELATED REGULATORY INVESTIGATIONS** Federal and state government agencies, including the United States Department of Justice (Department of Justice), have been investigating or examining certain mortgage-related activities of Wells Fargo and predecessor institutions. Wells Fargo, for itself and for predecessor institutions, has responded, and continues to respond, to requests from these agencies seeking information regarding the origination, underwriting, and securitization of residential mortgages, including sub-prime mortgages. These agencies have advanced theories of purported liability with respect to certain of these activities. An agreement, pursuant to which the Company paid $2.09 billion, was reached to resolve the Department of Justice investigation, which related to certain 2005-2007 residential mortgage-backed securities activities. The amount was fully accrued as of June 30, 2018. Other financial institutions have entered into similar settlements with these agencies, the nature of which related to the specific activities of those financial institutions, including the imposition of significant financial penalties and remedial actions.

**OFAC RELATED INVESTIGATION** The Company has self-identified an issue whereby certain foreign banks utilized a Wells Fargo software-based solution to conduct import/export trade-related financing transactions with countries and entities prohibited by the Office of Foreign Assets Control (OFAC) of the United States Department of the Treasury. We do not believe any funds related to these transactions flowed through accounts at Wells Fargo as a result of the aforementioned conduct. The Company has made voluntary self-disclosures to OFAC and is cooperating with an inquiry from the Department of Justice.

**ORDER OF POSTING LITIGATION** Plaintiffs filed a series of putative class actions against Wachovia Bank, N.A. and Wells Fargo Bank, N.A., as well as many other banks, challenging the "high to low" order in which the banks post debit card transactions to consumer deposit accounts. Most of these actions were consolidated in multi-district litigation proceedings (MDL proceedings) in the United States District Court for the Southern District of Florida. The court in the MDL proceedings has certified a class of putative plaintiffs, and Wells Fargo moved to compel arbitration of the claims of unnamed class members. The court denied the motions to compel arbitration in October 2016, and Wells Fargo appealed this decision to the United States Court of Appeals for the Eleventh Circuit. In May 2018, the Eleventh Circuit ruled in Wells Fargo's favor and found that Wells Fargo had not waived its arbitration rights and remanded the case to the District Court for further proceedings. Plaintiffs filed a petition for rehearing to the Eleventh Circuit, which was denied in August 2018.

**RETAIL SALES PRACTICES MATTERS** Federal, state, and local government agencies, including the Department of Justice, the United States Securities and Exchange Commission and the United States Department of Labor, and state attorneys general, including the New York Attorney General, and prosecutors' offices, as well as Congressional committees, have undertaken formal or informal inquiries, investigations or examinations arising out of certain retail sales practices of the Company that were the subject of settlements with the BCFP, the OCC and the Office of the Los Angeles City Attorney announced by the Company on September 8, 2016. These matters are at varying stages. The Company has responded, and continues to respond, to requests from a number of the foregoing and has discussed the resolution of some of the matters, including with a multi-state attorneys general group. In October 2018, the Company entered into an agreement to resolve the New York Attorney General's investigation pursuant to which the Company will pay $65 million to the State of New York.

In addition, a number of lawsuits have also been filed by non-governmental parties seeking damages or other remedies related to these retail sales practices. First, various class plaintiffs purporting to represent consumers who allege that they received products or services without their authorization or consent have brought separate putative class actions against the Company in the United States District Court for the Northern District of California and various other jurisdictions. In April 2017, the Company entered into a settlement agreement in the first-filed action, *Jabbari v. Wells Fargo Bank, N.A.*, to resolve claims regarding certain products or services provided without authorization or consent for the time period May 1, 2002 to April 20, 2017. Pursuant to the settlement, the Company will pay $142 million for remediation, attorneys' fees, and settlement fund claims administration. In the unlikely event that the $142 million settlement total is not enough to provide remediation, pay attorneys' fees, pay settlement fund claims administration costs, and have at least $25 million left over to distribute to all class members, the Company will contribute additional funds to the settlement. In addition, in the unlikely event that the number of unauthorized accounts identified by settlement class members in the claims process and not disputed by the claims administrator exceeds plaintiffs' 3.5 million account estimate, the Company will proportionately increase the $25 million reserve so that the ratio of reserve to unauthorized accounts is no less than what was implied by plaintiffs' estimate at the time of the district court's preliminary approval of the settlement in July 2017. The district court issued an order granting final approval of the settlement on June 14, 2018. Several appeals of the district court's order granting final approval of the settlement have been filed with the United States Court of Appeals for the Ninth Circuit. Second, Wells Fargo shareholders are pursuing a consolidated securities fraud class action in the United States District Court for the Northern District of California alleging certain misstatements and omissions in the Company's disclosures related to sales practices matters. The Company has entered into a settlement agreement to resolve this matter pursuant to which the Company will pay $480 million. The amount was fully accrued as of March 31, 2018. The district court issued an order granting preliminary approval of the settlement on September 4, 2018. Third, Wells Fargo shareholders have brought numerous shareholder derivative lawsuits asserting breach of fiduciary duty claims, among others, against current and former directors and officers for their alleged failure to detect and prevent sales practices issues. These actions have been filed or transferred to the United States District Court for the Northern District of California and California state court for coordinated proceedings. An additional lawsuit asserting similar claims in Delaware state court has been stayed. Fourth, multiple employment litigation matters have been brought against Wells Fargo, including an Employee Retirement Income Security Act (ERISA) class action in the United States District Court for the District of Minnesota on behalf of 401(k) plan participants that has now been dismissed; a class action in the United States District Court for the Northern District of California on behalf of team members who allege that they protested sales practice misconduct and/or

were terminated for not meeting sales goals that has now been dismissed, and we have entered into a framework with plaintiffs' counsel to address individual claims that have been asserted; various wage and hour class actions brought in federal and state court in California, New Jersey, and Pennsylvania on behalf of non-exempt branch based team members alleging that sales pressure resulted in uncompensated overtime; and multiple single plaintiff Sarbanes-Oxley Act complaints and state law whistleblower actions filed with the United States Department of Labor or in various state courts alleging adverse employment actions for raising sales practice misconduct issues.

**RMBS TRUSTEE LITIGATION** In November 2014, a group of institutional investors (Institutional Investor Plaintiffs), including funds affiliated with BlackRock, Inc., filed a putative class action in the United States District Court for the Southern District of New York against Wells Fargo Bank, N.A., alleging claims against the Company in its capacity as trustee for a number of residential mortgage-backed securities (RMBS) trusts (Federal Court Complaint). Similar complaints have been filed against other trustees in various courts, including in the Southern District of New York, in New York state court, and in other states, by RMBS investors. The Federal Court Complaint alleges that Wells Fargo Bank, N.A., as trustee, caused losses to investors and asserts causes of action based upon, among other things, the trustee's alleged failure to notify and enforce repurchase obligations of mortgage loan sellers for purported breaches of representations and warranties, notify investors of alleged events of default, and abide by appropriate standards of care following alleged events of default. Plaintiffs seek money damages in an unspecified amount, reimbursement of expenses, and equitable relief. In December 2014 and December 2015, certain other investors filed four complaints alleging similar claims against Wells Fargo Bank, N.A. in the Southern District of New York (Related Federal Cases), and the various cases pending against Wells Fargo are proceeding before the same judge. On January 19, 2016, the Southern District of New York entered an order in connection with the Federal Court Complaint dismissing claims related to certain of the trusts at issue (Dismissed Trusts). The Company's motion to dismiss the Federal Court Complaint and the complaints for the Related Federal Cases was granted in part and denied in part in March 2017. In May 2017, the Company filed third-party complaints against certain investment advisors affiliated with the Institutional Investor Plaintiffs seeking contribution with respect to claims alleged in the Federal Court Complaint (Third-Party Claims). The investment advisors have moved to dismiss those complaints. On April 17, 2018, the Southern District of New York denied class certification in the Related Federal Case brought by Royal Park Investments SA/NV (Royal Park).

A complaint raising similar allegations to the Federal Court Complaint was filed in May 2016 in New York state court by a different plaintiff investor. In December 2016, the Institutional Investor Plaintiffs filed a new putative class action complaint in New York state court in respect of 261 RMBS trusts, including the Dismissed Trusts, for which Wells Fargo Bank, N.A. serves or served as trustee (State Court Action). The Company has moved to dismiss the State Court Action.

In July 2017, certain of the plaintiffs from the State Court Action filed a civil complaint relating to Wells Fargo Bank, N.A.'s setting aside reserves for legal fees and expenses in connection with the liquidation of eleven RMBS trusts at issue in the State Court Action (Declaratory Judgment Action). The complaint seeks, among other relief, declarations that Wells Fargo Bank, N.A. is not entitled to indemnification, the advancement of funds, or the taking of reserves from trust funds for legal fees and expenses it incurs in defending the claims in the State Court Action. In November 2017, the Company's motion to dismiss the complaint was granted. Plaintiffs filed a notice of appeal in January 2018. In September 2017, Royal Park filed a similar complaint in the Southern District of New York seeking declaratory and injunctive relief and money damages on an individual and class action basis (Royal Park Action).

**SEMINOLE TRIBE TRUSTEE LITIGATION** The Seminole Tribe of Florida filed a complaint in Florida state court alleging that Wells Fargo, as trustee, charged excess fees in connection with the administration of a minor's trust and failed to invest the assets of the trust prudently. The complaint was later amended to include three individual current and former beneficiaries as plaintiffs and to remove the Tribe as a party to the case. In December 2016, the Company filed a motion to dismiss the amended complaint on the grounds that the Tribe is a necessary party and that the individual beneficiaries lack standing to bring claims. The motion was denied in June 2018.

**WHOLESALE BANKING CONSENT ORDER INVESTIGATION** On November 19, 2015, the Company entered into a consent order with the OCC, pursuant to which the Wholesale Banking group was required to implement customer due diligence standards that include collection of current beneficial ownership information for certain business customers. The Company is responding to recent inquiries from various federal government agencies regarding potentially inappropriate conduct in connection with the collection of beneficial ownership information.

**OUTLOOK** As described above, the Company establishes accruals for legal actions when potential losses associated with the actions become probable and the costs can be reasonably estimated. The high end of the range of reasonably possible potential losses in excess of the Company's accrual for probable and estimable losses was approximately $2.2 billion as of September 30, 2018. The outcomes of legal actions are unpredictable and subject to significant uncertainties, and it is inherently difficult to determine whether any loss is probable or even possible. It is also inherently difficult to estimate the amount of any loss and there may be matters for which a loss is probable or reasonably possible but not currently estimable. Accordingly, actual losses may be in excess of the established accrual or the range of reasonably possible loss. Wells Fargo is unable to determine whether the ultimate resolution of the retail sales practices matters will have a material adverse effect on its consolidated financial condition. Based on information currently available, advice of counsel, available insurance coverage, and established reserves, Wells Fargo believes that the eventual outcome of other actions against Wells Fargo and/or its subsidiaries will not, individually or in the aggregate, have a material adverse effect on Wells Fargo's consolidated financial condition. However, it is possible that the ultimate resolution of a matter, if unfavorable, may be material to Wells Fargo's results of operations for any particular period.

# Note 14: Derivatives

We use derivatives to manage exposure to market risk, including interest rate risk, credit risk and foreign currency risk, and to assist customers with their risk management objectives. We designate certain derivatives as hedging instruments in a qualifying hedge accounting relationship (fair value or cash flow hedge). Our remaining derivatives consist of economic hedges that do not qualify for hedge accounting and derivatives held for customer accommodation trading, or other purposes. For more information on our derivative activities, see Note 16 (Derivatives) to Financial Statements in our 2017 Form 10-K.

Table 14.1 presents the total notional or contractual amounts and fair values for our derivatives. Derivative transactions can be measured in terms of the notional amount, but this amount is not recorded on the balance sheet and is not, when viewed in isolation, a meaningful measure of the risk profile of the instruments. The notional amount is generally not exchanged but is used only as the basis on which interest and other payments are determined.

**Table 14.1: Notional or Contractual Amounts and Fair Values of Derivatives**

| | September 30, 2018 | | | December 31, 2017 | | |
|---|---|---|---|---|---|---|
| | | Fair value | | | Fair value | |
| (in millions) | Notional or contractual amount | Derivative assets | Derivative liabilities | Notional or contractual amount | Derivative assets | Derivative liabilities |
| **Derivatives designated as hedging instruments** | | | | | | |
| Interest rate contracts (1) | **$ 184,332** | **2,471** | **650** | 209,677 | 2,492 | 1,092 |
| Foreign exchange contracts (1) | **35,136** | **737** | **1,221** | 34,135 | 1,482 | 1,137 |
| Total derivatives designated as qualifying hedging instruments | | **3,208** | **1,871** | | 3,974 | 2,229 |
| **Derivatives not designated as hedging instruments** | | | | | | |
| Economic hedges: | | | | | | |
| Interest rate contracts (2) | **181,607** | **166** | **375** | 220,558 | 159 | 201 |
| Equity contracts | **15,764** | **929** | **210** | 12,315 | 716 | 138 |
| Foreign exchange contracts | **14,288** | **115** | **116** | 15,976 | 78 | 309 |
| Credit contracts – protection purchased | **101** | **26** | **—** | 111 | 37 | — |
| Subtotal | | **1,236** | **701** | | 990 | 648 |
| Customer accommodation trading and other derivatives: | | | | | | |
| Interest rate contracts | **8,156,678** | **13,426** | **14,518** | 6,434,673 | 14,979 | 14,179 |
| Commodity contracts | **72,559** | **4,205** | **1,716** | 62,530 | 2,354 | 1,335 |
| Equity contracts | **229,905** | **6,894** | **8,514** | 213,750 | 6,291 | 8,363 |
| Foreign exchange contracts | **333,715** | **5,582** | **5,032** | 362,896 | 7,413 | 7,122 |
| Credit contracts – protection sold | **9,185** | **94** | **141** | 9,021 | 147 | 214 |
| Credit contracts – protection purchased | **17,973** | **134** | **177** | 17,406 | 207 | 208 |
| Subtotal | | **30,335** | **30,098** | | 31,391 | 31,421 |
| Total derivatives not designated as hedging instruments | | **31,571** | **30,799** | | 32,381 | 32,069 |
| Total derivatives before netting | | **34,779** | **32,670** | | 36,355 | 34,298 |
| **Netting (3)** | | **(22,968)** | **(24,084)** | | (24,127) | (25,502) |
| Total | | **$ 11,811** | **8,586** | | 12,228 | 8,796 |

(1) Notional amounts presented exclude $0 million and $500 million of interest rate contracts at September 30, 2018, and December 31, 2017, respectively, for certain derivatives that are combined for designation as a hedge in a single relationship. The notional amount for foreign exchange contracts at September 30, 2018, and December 31, 2017, excludes $11.3 billion and $13.5 billion, respectively, for certain derivatives that are combined for designation as a hedge on a single instrument.

(2) Includes economic hedge derivatives used to hedge the risk of changes in the fair value of residential MSRs, MLHFS, loans, derivative loan commitments and other interests held.

(3) Represents balance sheet netting of derivative asset and liability balances, related cash collateral and portfolio level counterparty valuation adjustments. See Table 14.2 for further information.

Table 14.2 provides information on the gross fair values of derivative assets and liabilities, the balance sheet netting adjustments and the resulting net fair value amount recorded on our balance sheet, as well as the non-cash collateral associated with such arrangements. We execute substantially all of our derivative transactions under master netting arrangements and reflect all derivative balances and related cash collateral subject to enforceable master netting arrangements on a net basis within the balance sheet. The "Gross amounts recognized" column in the following table includes $31.4 billion and $29.2 billion of gross derivative assets and liabilities, respectively, at September 30, 2018, and $30.0 billion and $29.9 billion, respectively, at December 31, 2017, with counterparties subject to enforceable master netting arrangements that are carried on the balance sheet net of offsetting amounts. The remaining gross derivative assets and liabilities of $3.4 billion and $3.5 billion, respectively, at September 30, 2018, and $6.4 billion and $4.4 billion, respectively, at December 31, 2017, include those with counterparties subject to master netting arrangements for which we have not assessed the enforceability because they are with counterparties where we do not currently have positions to offset, those subject to master netting arrangements where we have not been able to confirm the enforceability and those not subject to master netting arrangements. As such, we do not net derivative balances or collateral within the balance sheet for these counterparties.

We determine the balance sheet netting adjustments based on the terms specified within each master netting arrangement. We disclose the balance sheet netting amounts within the column titled "Gross amounts offset in consolidated balance sheet." Balance sheet netting adjustments are determined at the counterparty level for which there may be multiple contract types. For disclosure purposes, we allocate these netting adjustments to the contract type for each counterparty proportionally based upon the "Gross amounts recognized" by counterparty. As a result, the net amounts disclosed by contract type may not represent the actual exposure upon settlement of the contracts.

We do not net non-cash collateral that we receive and pledge on the balance sheet. For disclosure purposes, we present the fair value of this non-cash collateral in the column titled "Gross amounts not offset in consolidated balance sheet (Disclosure-only netting)" within the table. We determine and allocate the Disclosure-only netting amounts in the same manner as balance sheet netting amounts.

The "Net amounts" column within Table 14.2 represents the aggregate of our net exposure to each counterparty after considering the balance sheet and Disclosure-only netting adjustments. We manage derivative exposure by monitoring the credit risk associated with each counterparty using counterparty specific credit risk limits, using master netting arrangements and obtaining collateral. Derivative contracts executed in over-the-counter markets include bilateral contractual arrangements that are not cleared through a central clearing organization but are typically subject to master netting arrangements. The percentage of our bilateral derivative transactions outstanding at period end in such markets, based on gross fair value, is provided within the following table. Other derivative contracts executed in over-the-counter or exchange-traded markets are settled through a central clearing organization and are excluded from this percentage. In addition to the netting amounts included in the table, we also have balance sheet netting related to resale and repurchase agreements that are disclosed within Note 12 (Guarantees, Pledged Assets and Collateral, and Other Commitments).

**Table 14.2: Gross Fair Values of Derivative Assets and Liabilities**

| (in millions) | | Gross amounts recognized | Gross amounts offset in consolidated balance sheet (1) | Net amounts in consolidated balance sheet | Gross amounts not offset in consolidated balance sheet (Disclosure-only netting) (2) | Net amounts | Percent exchanged in over-the-counter market (3) |
|---|---|---|---|---|---|---|---|
| **September 30, 2018** | | | | | | | |
| **Derivative assets** | | | | | | | |
| **Interest rate contracts** | **$** | **16,063** | **(10,905)** | **5,158** | **(104)** | **5,054** | **98%** |
| **Commodity contracts** | | **4,205** | **(1,165)** | **3,040** | **(2)** | **3,038** | **92** |
| **Equity contracts** | | **7,823** | **(5,646)** | **2,177** | **(494)** | **1,683** | **74** |
| **Foreign exchange contracts** | | **6,434** | **(5,036)** | **1,398** | **(33)** | **1,365** | **100** |
| **Credit contracts – protection sold** | | **94** | **(92)** | **2** | **—** | **2** | **13** |
| **Credit contracts – protection purchased** | | **160** | **(124)** | **36** | **(2)** | **34** | **90** |
| **Total derivative assets** | **$** | **34,779** | **(22,968)** | **11,811** | **(635)** | **11,176** | |
| **Derivative liabilities** | | | | | | | |
| **Interest rate contracts** | **$** | **15,543** | **(11,982)** | **3,561** | **(306)** | **3,255** | **98%** |
| **Commodity contracts** | | **1,716** | **(823)** | **893** | **—** | **893** | **55** |
| **Equity contracts** | | **8,724** | **(5,949)** | **2,775** | **(235)** | **2,540** | **84** |
| **Foreign exchange contracts** | | **6,369** | **(5,023)** | **1,346** | **(61)** | **1,285** | **100** |
| **Credit contracts – protection sold** | | **141** | **(140)** | **1** | **(1)** | **—** | **84** |
| **Credit contracts – protection purchased** | | **177** | **(167)** | **10** | **—** | **10** | **9** |
| **Total derivative liabilities** | **$** | **32,670** | **(24,084)** | **8,586** | **(603)** | **7,983** | |
| December 31, 2017 | | | | | | | |
| Derivative assets | | | | | | | |
| Interest rate contracts | $ | 17,630 | (11,929) | 5,701 | (145) | 5,556 | 99 % |
| Commodity contracts | | 2,354 | (966) | 1,388 | (4) | 1,384 | 88 |
| Equity contracts | | 7,007 | (4,233) | 2,774 | (596) | 2,178 | 76 |
| Foreign exchange contracts | | 8,973 | (6,656) | 2,317 | (25) | 2,292 | 100 |
| Credit contracts – protection sold | | 147 | (145) | 2 | — | 2 | 10 |
| Credit contracts – protection purchased | | 244 | (198) | 46 | (3) | 43 | 89 |
| Total derivative assets | $ | 36,355 | (24,127) | 12,228 | (773) | 11,455 | |
| Derivative liabilities | | | | | | | |
| Interest rate contracts | $ | 15,472 | (13,226) | 2,246 | (1,078) | 1,168 | 99 % |
| Commodity contracts | | 1,335 | (648) | 687 | (1) | 686 | 76 |
| Equity contracts | | 8,501 | (4,041) | 4,460 | (400) | 4,060 | 85 |
| Foreign exchange contracts | | 8,568 | (7,189) | 1,379 | (204) | 1,175 | 100 |
| Credit contracts – protection sold | | 214 | (204) | 10 | (9) | 1 | 85 |
| Credit contracts – protection purchased | | 208 | (194) | 14 | — | 14 | 9 |
| Total derivative liabilities | $ | 34,298 | (25,502) | 8,796 | (1,692) | 7,104 | |

(1) Represents amounts with counterparties subject to enforceable master netting arrangements that have been offset in the consolidated balance sheet, including related cash collateral and portfolio level counterparty valuation adjustments. Counterparty valuation adjustments were $243 million and $245 million related to derivative assets and $108 million and $95 million related to derivative liabilities at September 30, 2018, and December 31, 2017, respectively. Cash collateral totaled $2.9 billion and $4.1 billion, netted against derivative assets and liabilities, respectively, at September 30, 2018, and $2.7 billion and $4.2 billion, respectively, at December 31, 2017.

(2) Represents the fair value of non-cash collateral pledged and received against derivative assets and liabilities with the same counterparty that are subject to enforceable master netting arrangements. U.S. GAAP does not permit netting of such non-cash collateral balances in the consolidated balance sheet but requires disclosure of these amounts.

(3) Represents derivatives executed in over-the-counter markets that are not settled through a central clearing organization. Over-the-counter percentages are calculated based on gross amounts recognized as of the respective balance sheet date. The remaining percentage represents derivatives settled through a central clearing organization, which are executed in either over-the-counter or exchange-traded markets.

## Fair Value and Cash Flow Hedges

For fair value hedges, we use interest rate swaps to convert certain of our fixed-rate long-term debt and time certificates of deposit to floating rates to hedge our exposure to interest rate risk. We also enter into cross-currency swaps, cross-currency interest rate swaps and forward contracts to hedge our exposure to foreign currency risk and interest rate risk associated with the issuance of non-U.S. dollar denominated long-term debt. In addition, we use interest rate swaps, cross-currency swaps, cross-currency interest rate swaps and forward contracts to hedge against changes in fair value of certain investments in available-for-sale debt securities due to changes in interest rates, foreign currency rates, or both. We also use interest rate swaps to hedge against changes in fair value for certain mortgage loans held for sale.

For cash flow hedges, we use interest rate swaps to hedge the variability in interest payments received on certain floating-rate commercial loans and paid on certain floating-rate debt due to changes in the contractually specified interest rate.

We estimate $309 million pre-tax of deferred net losses primarily related to cash flow hedges in OCI at September 30, 2018, will be reclassified into net interest income during the next twelve months. The deferred losses expected to be reclassified into net interest income are primarily related to discontinued hedges of floating rate loans. We are hedging our foreign exposure to the variability of future cash flows for all forecasted transactions for a maximum of 8 years. For more information on our accounting hedges, see Note 1 (Summary of Significant Accounting Policies) and Note 16 (Derivatives) to Financial Statements in our 2017 Form 10-K.

Table 14.3 shows the net gains (losses) related to derivatives in fair value and cash flow hedging relationships.

**Table 14.3: Gains (Losses) Recognized in Consolidated Statement of Income on Fair Value and Cash Flow Hedging Relationships**

| | | | | Net interest income | | Noninterest income | |
|---|---|---|---|---|---|---|---|
| (in millions) | Debt securities | Loans | Mortgage loans held for sale | Deposits | Long-term debt | Other | Total |
| **Quarter ended September 30, 2018** | | | | | | | |
| **Total amounts presented in the consolidated statement of income** | **$ 3,595** | **11,116** | **210** | **(1,499)** | **(1,667)** | **633** | **12,388** |
| **Gains (losses) on fair value hedging relationships** | | | | | | | |
| **Interest contracts** | | | | | | | |
| **Amounts related to interest settlements on derivatives (1)** | **(34)** | **—** | **(1)** | **(10)** | **39** | **—** | **(6)** |
| **Recognized on derivatives** | **386** | **—** | **10** | **(58)** | **(1,119)** | **—** | **(781)** |
| **Recognized on hedged items** | **(410)** | **—** | **(12)** | **61** | **1,101** | **—** | **740** |
| **Foreign exchange contracts** | | | | | | | |
| **Amounts related to interest settlements on derivatives (1)(2)** | **8** | **—** | **—** | **—** | **(118)** | **—** | **(110)** |
| **Recognized on derivatives (3)** | **2** | **—** | **—** | **—** | **(58)** | **(139)** | **(195)** |
| **Recognized on hedged items** | **(3)** | **—** | **—** | **—** | **126** | **139** | **262** |
| **Net income (expense) recognized on fair value hedges** | **(51)** | **—** | **(3)** | **(7)** | **(29)** | **—** | **(90)** |
| **Gains (losses) on cash flow hedging relationships** | | | | | | | |
| **Interest contracts** | | | | | | | |
| **Realized gains (losses) (pre-tax) reclassified from cumulative OCI into net income (4)** | **—** | **(78)** | **—** | **—** | **—** | **—** | **(78)** |
| **Foreign exchange contracts** | | | | | | | |
| **Realized gains (losses) (pre-tax) reclassified from cumulative OCI into net income (4)** | **$ —** | **—** | **—** | **—** | **(1)** | **—** | **(1)** |
| **Net income (expense) recognized on cash flow hedges** | **$ —** | **(78)** | **—** | **—** | **(1)** | **—** | **(78)** |
| **Nine months ended September 30, 2018** | | | | | | | |
| **Total amounts presented in the consolidated statement of income** | **$ 10,603** | **32,607** | **587** | **(3,857)** | **(4,901)** | **1,720** | **36,759** |
| **Gains (losses) on fair value hedging relationships** | | | | | | | |
| **Interest contracts** | | | | | | | |
| **Amounts related to interest settlements on derivatives (1)** | **(158)** | **—** | **(3)** | **(35)** | **291** | **—** | **95** |
| **Recognized on derivatives** | **1,692** | **1** | **21** | **(248)** | **(4,331)** | **—** | **(2,865)** |
| **Recognized on hedged items** | **(1,730)** | **(1)** | **(27)** | **233** | **4,215** | **—** | **2,690** |
| **Foreign exchange contracts** | | | | | | | |
| **Amounts related to interest settlements on derivatives (1)(2)** | **23** | **—** | **—** | **—** | **(300)** | **—** | **(277)** |
| **Recognized on derivatives (3)** | **8** | **—** | **—** | **—** | **(132)** | **(889)** | **(1,013)** |
| **Recognized on hedged items** | **(5)** | **—** | **—** | **—** | **153** | **820** | **968** |
| **Net income (expense) recognized on fair value hedges** | **(170)** | **—** | **(9)** | **(50)** | **(104)** | **(69)** | **(402)** |
| **Gains (losses) on cash flow hedging relationships** | | | | | | | |
| **Interest contracts** | | | | | | | |
| **Realized gains (losses) (pre-tax) reclassified from cumulative OCI into net income (4)** | **—** | **(215)** | **—** | **—** | **—** | **—** | **(215)** |
| **Foreign exchange contracts** | | | | | | | |
| **Realized gains (losses) (pre-tax) reclassified from cumulative OCI into net income (4)** | **—** | **—** | **—** | **—** | **(1)** | **—** | **(1)** |
| **Net income (expense) recognized on cash flow hedges** | **$ —** | **(215)** | **—** | **—** | **(1)** | **—** | **(216)** |

*(continued on following page)*

*(continued from previous page)*

| (in millions) | Debt securities | Loans | Mortgage loans held for sale | Net interest income: Deposits | Net interest income: Long-term debt | Noninterest income: Other | Total |
|---|---|---|---|---|---|---|---|
| Quarter ended September 30, 2017 | | | | | | | |
| Total amounts presented in the consolidated statement of income | $ 3,253 | 10,522 | 217 | (869) | (1,391) | 199 | 11,931 |
| | | | | | | | |
| Gains (losses) on fair value hedging relationships | | | | | | | |
| Interest contracts | | | | | | | |
| Amounts related to interest settlements on derivatives (1) | (110) | — | (1) | 25 | 246 | — | 160 |
| Recognized on derivatives | (6) | — | — | 1 | (162) | — | (167) |
| Recognized on hedged items | (5) | — | (2) | — | 164 | — | 157 |
| Foreign exchange contracts | | | | | | | |
| Amounts related to interest settlements on derivatives (1)(2) | 4 | — | — | — | (60) | — | (56) |
| Recognized on derivatives (3) | — | — | — | — | (32) | 851 | 819 |
| Recognized on hedged items | — | — | — | — | 15 | (790) | (775) |
| Net income (expense) recognized on fair value hedges | (117) | — | (3) | 26 | 171 | 61 | 138 |
| Gains (losses) on cash flow hedging relationships | | | | | | | |
| Interest contracts | | | | | | | |
| Realized gains (losses) (pre-tax) reclassified from cumulative OCI into net income (4) | — | 107 | — | — | (2) | — | 105 |
| Foreign exchange contracts | | | | | | | |
| Realized gains (losses) (pre-tax) reclassified from cumulative OCI into net income (4) | — | — | — | — | — | — | — |
| Net income (expense) recognized on cash flow hedges | $ — | 107 | — | — | (2) | — | 105 |
| Nine months ended September 30, 2017 | | | | | | | |
| Total amounts presented in the consolidated statement of income | $ 9,652 | 31,021 | 590 | (2,082) | (3,813) | 1,045 | 36,413 |
| | | | | | | | |
| Gains (losses) on fair value hedging relationships | | | | | | | |
| Interest contracts | | | | | | | |
| Amounts related to interest settlements on derivatives (1) | (363) | (1) | (4) | 29 | 1,041 | — | 702 |
| Recognized on derivatives | (167) | — | (11) | 30 | (325) | — | (473) |
| Recognized on hedged items | 121 | — | 4 | (22) | 322 | — | 425 |
| Foreign exchange contracts | | | | | | | |
| Amounts related to interest settlements on derivatives (1)(2) | 10 | — | — | — | (142) | — | (132) |
| Recognized on derivatives (3) | 11 | — | — | — | (187) | 2,727 | 2,551 |
| Recognized on hedged items | (7) | — | — | — | 215 | (2,485) | (2,277) |
| Net income (expense) recognized on fair value hedges | (395) | (1) | (11) | 37 | 924 | 242 | 796 |
| Gains (losses) on cash flow hedging relationships | | | | | | | |
| Interest contracts | | | | | | | |
| Realized gains (losses) (pre-tax) reclassified from cumulative OCI into net income (4) | — | 468 | — | — | (8) | — | 460 |
| Foreign exchange contracts | | | | | | | |
| Realized gains (losses) (pre-tax) reclassified from cumulative OCI into net income (4) | — | — | — | — | — | — | — |
| Net income (expense) recognized on cash flow hedges | $ — | 468 | — | — | (8) | — | 460 |

(1) Includes $11 million and $35 million for third quarter and first nine months of 2018, respectively, and includes $12 million and $22 million for the third quarter and first nine months of 2017, respectively which represents changes in fair value due to the passage of time associated with the non-zero fair value amount at hedge inception.

(2) The third quarter and first nine months of 2018 included $(5) million and $(3) million, respectively, and the third quarter and first nine months of 2017 included $(1) million, and $(2) million, respectively, of the time value component recognized as net interest income (expense) on forward derivatives hedging foreign currency debt securities and long-term debt that were excluded from the assessment of hedge effectiveness.

(3) For certain fair value hedges of foreign currency risk, changes in fair value of cross-currency swaps attributable to changes in cross-currency basis spreads are excluded from the assessment of hedge effectiveness and recorded in other comprehensive income. See Note 20 (Other Comprehensive Income) for the amounts recognized in other comprehensive income.

(4) See Note 20 (Other Comprehensive Income) for details of amounts reclassified to net income.

Table 14.4 shows the carrying amount and associated cumulative basis adjustment related to the application of hedge accounting that is included in the carrying amount of hedged assets and liabilities in fair value hedging relationships.

**Table 14.4: Hedged Items in Fair Value Hedging Relationship**

| | Hedged Items Currently Designated | | Hedged Items No Longer Designated (1) | |
|---|---|---|---|---|
| **(in millions)** | Carrying Amount of Assets/(Liabilities) (2)(4) | Hedge Accounting Basis Adjustment Assets/(Liabilities) (3) | Carrying Amount of Assets/(Liabilities) (4) | Hedge Accounting Basis Adjustment Assets/(Liabilities) |
| **September 30, 2018** | | | | |
| **Available-for-sale debt securities (5)** | **$ 29,736** | **(1,008)** | **4,947** | **261** |
| **Loans** | **—** | **—** | **—** | **—** |
| **Mortgage loans held for sale** | **681** | **(6)** | **—** | **—** |
| **Deposits** | **(45,282)** | **383** | **—** | **—** |
| **Long-term debt** | **(127,072)** | **2,223** | **(808)** | **10** |
| December 31, 2017 | | | | |
| Available-for-sale debt securities (5) | 32,498 | 870 | 5,221 | 343 |
| Loans | 140 | (1) | — | — |
| Mortgage loans held for sale | 465 | (1) | — | — |
| Deposits | (23,679) | 158 | — | — |
| Long-term debt | (128,950) | (2,154) | (1,953) | 16 |

(1) Represents hedged items no longer designated in qualifying fair value hedging relationships for which an associated basis adjustment exists at the balance sheet date.
(2) Does not include the carrying amount of hedged items where only foreign currency risk is the designated hedged risk. The carrying amount excluded for debt securities is $1.3 billion and $(6.4) billion for long-term debt as of September 30, 2018 and $1.5 billion for debt securities and for long-term debt is $(7.7) billion as of December 31, 2017.
(3) The balance includes $1.5 billion and $49 million of debt securities and long-term debt cumulative basis adjustments as of September 30, 2018, respectively, and $2.1 billion and $297 million of debt securities and long-term debt cumulative basis adjustments as of December 31, 2017, respectively, on terminated hedges whereby the hedged items have subsequently been re-designated into existing hedges.
(4) Represents the full carrying amount of the hedged asset or liability item as of the balance sheet date, except for circumstances in which only a portion of the asset or liability was designated as the hedged item in which case only the portion designated is presented.
(5) Carrying amount represents the amortized cost.

## Derivatives Not Designated as Hedging Instruments

We use economic hedge derivatives to hedge the risk of changes in the fair value of certain residential MLHFS, residential MSRs measured at fair value, derivative loan commitments and other interests held. We also use economic hedge derivatives to mitigate the periodic earnings volatility caused by mismatches between the changes in fair value of the hedged item and hedging instrument recognized on our fair value accounting hedges. The resulting gain or loss on these economic hedge derivatives is reflected in mortgage banking noninterest income, net gains (losses) from equity investments and other noninterest income.

The derivatives used to hedge MSRs measured at fair value, resulted in net derivative gains (losses) of $(501) million and $(2.0) billion in the third quarter and first nine months of 2018, respectively, and $240 million and $599 million in the third quarter and first nine months of 2017, respectively which are included in mortgage banking noninterest income. The aggregate fair value of these derivatives was a net liability of $185 million at September 30, 2018, and net asset of $89 million at December 31, 2017. The change in fair value of these derivatives for each period end is due to changes in the underlying market indices and interest rates as well as the purchase and sale of derivative financial instruments throughout the period as part of our dynamic MSR risk management process.

Loan commitments for mortgage loans that we intend to sell are considered derivatives. The aggregate fair value of derivative loan commitments on the balance sheet was a net negative fair value of $7 million and a positive fair value of $17 million at September 30, 2018, and December 31, 2017, respectively, and is included in the caption “Interest rate contracts” under “Customer accommodation trading and other derivatives” in Table 14.1 in this Note.

For more information on economic hedges and other derivatives, see Note 16 (Derivatives) to Financial Statements in our 2017 Form 10-K. Table 14.5 shows the net gains (losses) recognized by income statement lines, related to derivatives not designated as hedging instruments.

**Table 14.5: Gains (Losses) on Derivatives Not Designated as Hedging Instruments**

| (in millions) | | Noninterest income | | | | |
|---|---|---|---|---|---|---|
| | | Mortgage banking | Net gains (losses) from equity securities | Net gains (losses) from trading activities | Other | Total |
| **Quarter ended September 30, 2018** | | | | | | |
| **Net gains (losses) recognized on economic hedges derivatives:** | | | | | | |
| Interest contracts (1) | $ | (334) | — | — | (1) | (335) |
| Equity contracts | | — | (719) | — | 8 | (711) |
| Foreign exchange contracts | | — | — | — | 78 | 78 |
| Credit contracts | | — | — | — | 4 | 4 |
| Subtotal (2) | | (334) | (719) | — | 89 | (964) |
| **Net gains (losses) recognized on customer accommodation trading and other derivatives:** | | | | | | |
| Interest contracts (3) | | (67) | — | 298 | (1) | 230 |
| Equity contracts | | — | — | (1,147) | (112) | (1,259) |
| Foreign exchange contracts | | — | — | 258 | — | 258 |
| Credit contracts | | — | — | (28) | — | (28) |
| Commodity contracts | | — | — | 14 | — | 14 |
| Other | | — | — | — | — | — |
| Subtotal | | (67) | — | (605) | (113) | (785) |
| **Net gains (losses) recognized related to derivatives not designated as hedging instruments** | $ | (401) | (719) | (605) | (24) | (1,749) |
| **Nine months ended September 30, 2018** | | | | | | |
| **Net gains (losses) recognized on economic hedges derivatives:** | | | | | | |
| Interest contracts (1) | $ | (1,114) | — | — | 5 | (1,109) |
| Equity contracts | | — | (1,317) | — | 13 | (1,304) |
| Foreign exchange contracts | | — | — | — | 405 | 405 |
| Credit contracts | | — | — | — | (2) | (2) |
| Subtotal (2) | | (1,114) | (1,317) | — | 421 | (2,010) |
| **Net gains (losses) recognized on customer accommodation trading and other derivatives:** | | | | | | |
| Interest contracts (3) | | (372) | — | 865 | (1) | 492 |
| Equity contracts | | — | — | (33) | (378) | (411) |
| Foreign exchange contracts | | — | — | 659 | — | 659 |
| Credit contracts | | — | — | (22) | — | (22) |
| Commodity contracts | | — | — | 88 | — | 88 |
| Other | | — | — | — | — | — |
| Subtotal | | (372) | — | 1,557 | (379) | 806 |
| **Net gains (losses) recognized related to derivatives not designated as hedging instruments** | $ | (1,486) | (1,317) | 1,557 | 42 | (1,204) |

*(continued on following page)*

*(continued from previous page)*

| (in millions) | Noninterest income | | | | |
|---|---|---|---|---|---|
| | Mortgage banking | Net gains (losses) from equity securities | Net gains (losses) from trading activities | Other | Total |
| Quarter ended September 30, 2017 | | | | | |
| Net gains (losses) recognized on economic hedges derivatives: | | | | | |
| Interest contracts (1) | $ 138 | — | — | (19) | 119 |
| Equity contracts | — | (490) | — | 1 | (489) |
| Foreign exchange contracts | — | — | — | (300) | (300) |
| Credit contracts | — | — | — | (6) | (6) |
| Subtotal (2) | 138 | (490) | — | (324) | (676) |
| Net gains (losses) recognized on customer accommodation trading and other derivatives: | | | | | |
| Interest contracts (3) | 152 | — | 17 | — | 169 |
| Equity contracts | — | — | (851) | — | (851) |
| Foreign exchange contracts | — | — | 155 | — | 155 |
| Credit contracts | — | — | (31) | — | (31) |
| Commodity contracts | — | — | 63 | — | 63 |
| Other | — | — | — | 8 | 8 |
| Subtotal | 152 | — | (647) | 8 | (487) |
| Net gains (losses) recognized related to derivatives not designated as hedging instruments | $ 290 | (490) | (647) | (316) | (1,163) |
| Nine months ended September 30, 2017 | | | | | |
| Net gains (losses) recognized on economic hedges derivatives: | | | | | |
| Interest contracts (1) | $ 480 | — | — | (64) | 416 |
| Equity contracts | — | (1,164) | — | (11) | (1,175) |
| Foreign exchange contracts | — | — | — | (834) | (834) |
| Credit contracts | — | — | — | 8 | 8 |
| Subtotal (2) | 480 | (1,164) | — | (901) | (1,585) |
| Net gains (losses) recognized on customer accommodation trading and other derivatives: | | | | | |
| Interest contracts (3) | 599 | — | 80 | — | 679 |
| Equity contracts | — | — | (2,525) | — | (2,525) |
| Foreign exchange contracts | — | — | 356 | — | 356 |
| Credit contracts | — | — | (59) | — | (59) |
| Commodity contracts | — | — | 138 | — | 138 |
| Other | — | — | — | 22 | 22 |
| Subtotal | 599 | — | (2,010) | 22 | (1,389) |
| Net gains (losses) recognized related to derivatives not designated as hedging instruments | $ 1,079 | (1,164) | (2,010) | (879) | (2,974) |

(1) Includes gains (losses) on the derivatives used as economic hedges of MSRs measured at fair value, derivative loan commitments and mortgage loans held for sale.
(2) Includes hedging gains (losses) of $10 million and $46 million for the third quarter and first nine months of 2018, respectively, and $(18) million and $(64) million for the third quarter and first nine months of 2017, respectively, which partially offset hedge accounting ineffectiveness.
(3) Amounts presented in mortgage banking noninterest income are gains on derivative loan commitments.

## Credit Derivatives

Credit derivative contracts are arrangements whose value is derived from the transfer of credit risk of a reference asset or entity from one party (the purchaser of credit protection) to another party (the seller of credit protection). We use credit derivatives to assist customers with their risk management objectives. We may also use credit derivatives in structured product transactions or liquidity agreements written to special purpose vehicles. The maximum exposure of sold credit derivatives is managed through posted collateral, purchased credit derivatives and similar products in order to achieve our desired credit risk profile. This credit risk management provides an ability to recover a significant portion of any amounts that would be paid under the sold credit derivatives. We would be required to perform under sold credit derivatives in the event of default by the referenced obligors. Events of default include events such as bankruptcy, capital restructuring or lack of principal and/or interest payment. In certain cases, other triggers may exist, such as the credit downgrade of the referenced obligors or the inability of the special purpose vehicle for which we have provided liquidity to obtain funding.

Table 14.6 provides details of sold and purchased credit derivatives.

**Table 14.6: Sold and Purchased Credit Derivatives**

| | | | Notional amount | | | | | |
|---|---|---|---|---|---|---|---|---|
| (in millions) | | Fair value liability | Protection sold (A) | Protection sold – non-investment grade | Protection purchased with identical underlyings (B) | Net protection sold (A) - (B) | Other protection purchased | Range of maturities |
| **September 30, 2018** | | | | | | | | |
| **Credit default swaps on:** | | | | | | | | |
| **Corporate bonds** | **$** | **23** | **1,906** | **391** | **1,266** | **640** | **1,300** | **2018 - 2027** |
| **Structured products** | | **55** | **148** | **143** | **130** | **18** | **114** | **2022 - 2047** |
| **Credit protection on:** | | | | | | | | |
| **Default swap index** | | **—** | **2,194** | **453** | **308** | **1,886** | **3,824** | **2018 - 2028** |
| **Commercial mortgage-backed securities index** | | **53** | **402** | **122** | **375** | **27** | **51** | **2047 - 2058** |
| **Asset-backed securities index** | | **9** | **43** | **43** | **42** | **1** | **1** | **2045 - 2046** |
| **Other** | | **1** | **4,492** | **4,372** | **—** | **4,492** | **10,663** | **2018 - 2038** |
| **Total credit derivatives** | **$** | **141** | **9,185** | **5,524** | **2,121** | **7,064** | **15,953** | |
| December 31, 2017 | | | | | | | | |
| Credit default swaps on: | | | | | | | | |
| Corporate bonds | $ | 35 | 2,007 | 510 | 1,575 | 432 | 946 | 2018 - 2027 |
| Structured products | | 86 | 267 | 252 | 232 | 35 | 153 | 2022 - 2047 |
| Credit protection on: | | | | | | | | |
| Default swap index | | — | 2,626 | 540 | 308 | 2,318 | 3,932 | 2018 - 2027 |
| Commercial mortgage-backed securities index | | 83 | 423 | — | 401 | 22 | 87 | 2047 - 2058 |
| Asset-backed securities index | | 9 | 42 | — | 42 | — | 1 | 2045 - 2046 |
| Other | | 1 | 3,656 | 3,306 | — | 3,656 | 9,840 | 2018 - 2031 |
| Total credit derivatives | $ | 214 | 9,021 | 4,608 | 2,558 | 6,463 | 14,959 | |

Protection sold represents the estimated maximum exposure to loss that would be incurred under an assumed hypothetical circumstance, where the value of our interests and any associated collateral declines to zero, without any consideration of recovery or offset from any economic hedges. We believe this hypothetical circumstance to be a remote possibility and accordingly, this required disclosure is not an indication of expected loss. The amounts under non-investment grade represent the notional amounts of those credit derivatives on which we have a higher risk of being required to perform under the terms of the credit derivative and are a function of the underlying assets.

We consider the risk of performance to be high if the underlying assets under the credit derivative have an external rating that is below investment grade or an internal credit default grade that is equivalent thereto. We believe the net protection sold, which is representative of the net notional amount of protection sold and purchased with identical underlyings, in combination with other protection purchased, is more representative of our exposure to loss than either non-investment grade or protection sold. Other protection purchased represents additional protection, which may offset the exposure to loss for protection sold, that was not purchased with an identical underlying of the protection sold.

## Credit-Risk Contingent Features

Certain of our derivative contracts contain provisions whereby if the credit rating of our debt were to be downgraded by certain major credit rating agencies, the counterparty could demand additional collateral or require termination or replacement of derivative instruments in a net liability position. The aggregate fair value of all derivative instruments with such credit-risk-related contingent features that are in a net liability position was $7.7 billion at September 30, 2018, and $8.3 billion at December 31, 2017, for which we posted $5.9 billion and $7.1 billion, respectively, in collateral in the normal course of business. A credit rating below investment grade is the credit-risk-related contingent feature that if triggered requires the maximum amount of collateral to be posted. If the credit rating of our debt had been downgraded below investment grade, on September 30, 2018, or December 31, 2017, we would have been required to post additional collateral of $1.8 billion or $1.2 billion, respectively, or potentially settle the contract in an amount equal to its fair value. Some contracts require that we provide more collateral than the fair value of derivatives that are in a net liability position if a downgrade occurs.

## Counterparty Credit Risk

By using derivatives, we are exposed to counterparty credit risk if counterparties to the derivative contracts do not perform as expected. If a counterparty fails to perform, our counterparty credit risk is equal to the amount reported as a derivative asset on our balance sheet. The amounts reported as a derivative asset are derivative contracts in a gain position, and to the extent subject to legally enforceable master netting arrangements, net of derivatives in a loss position with the same counterparty and cash collateral received. We minimize counterparty credit risk through credit approvals, limits, monitoring procedures, executing master netting arrangements and obtaining collateral, where appropriate. To the extent the master netting arrangements and other criteria meet the applicable requirements, including determining the legal enforceability of the arrangement, it is our policy to present derivative balances and related cash collateral amounts net on the balance sheet. We incorporate credit valuation adjustments (CVA) to reflect counterparty credit risk in determining the fair value of our derivatives. Such adjustments, which consider the effects of enforceable master netting agreements and collateral arrangements, reflect market-based views of the credit quality of each counterparty. Our CVA calculation is determined based on observed credit spreads in the credit default swap market and indices indicative of the credit quality of the counterparties to our derivatives.

# Note 15: Fair Values of Assets and Liabilities

We use fair value measurements to record fair value adjustments to certain assets and liabilities and to determine fair value disclosures. Assets and liabilities recorded at fair value on a recurring basis are presented in Table 15.2 in this Note. From time to time, we may be required to record fair value adjustments on a nonrecurring basis. These nonrecurring fair value adjustments typically involve application of LOCOM accounting, measurement alternative accounting for nonmarketable equity securities or write-downs of individual assets. Assets recorded on a nonrecurring basis are presented in Table 15.13 in this Note.

See Note 1 (Summary of Significant Accounting Policies) to Financial Statements in our 2017 Form 10-K for discussion of how we determine fair value. For descriptions of the valuation methodologies we use for assets and liabilities recorded at fair value on a recurring or nonrecurring basis and for estimating fair value for financial instruments that are not recorded at fair value, see Note 17 (Fair Values of Assets and Liabilities) to Financial Statements in our 2017 Form 10-K.

**FAIR VALUE HIERARCHY** We group our assets and liabilities measured at fair value in three levels based on the markets in which the assets and liabilities are traded and the reliability of the assumptions used to determine fair value. These levels are:

- Level 1 – Valuation is based upon quoted prices for identical instruments traded in active markets.
- Level 2 – Valuation is based upon quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, and model-based valuation techniques for which all significant assumptions are observable in the market.
- Level 3 – Valuation is generated from techniques that use significant assumptions that are not observable in the market. These unobservable assumptions reflect estimates of assumptions that market participants would use in pricing the asset or liability. Valuation techniques include use of option pricing models, discounted cash flow models and similar techniques.

We do not classify an equity security in the fair value hierarchy if we use the non-published net asset value (NAV) per share (or its equivalent) that has been communicated to us as an investor as a practical expedient to measure fair value. We generally use NAV per share as the fair value measurement for certain nonmarketable equity fund investments. Marketable equity securities with published NAVs continue to be classified in the fair value hierarchy.

## Fair Value Measurements from Vendors

For certain assets and liabilities, we obtain fair value measurements from vendors, which predominantly consist of third-party pricing services, and record the unadjusted fair value in our financial statements. For additional information, see Note 17 (Fair Values of Assets and Liabilities) to Financial Statements in our 2017 Form 10-K. Table 15.1 presents unadjusted fair value measurements provided by brokers or third-party pricing services by fair value hierarchy level. Fair value measurements obtained from brokers or third-party pricing services that we have adjusted to determine the fair value recorded in our financial statements are excluded from Table 15.1.

**Table 15.1: Fair Value Measurements by Brokers or Third-Party Pricing Services**

| | | Brokers | | | Third-party pricing services | |
|---|---|---|---|---|---|---|
| (in millions) | Level 1 | Level 2 | Level 3 | Level 1 | Level 2 | Level 3 |
| **September 30, 2018** | | | | | | |
| **Trading debt securities** | **$ —** | **—** | **—** | **—** | **212** | **—** |
| **Available-for-sale debt securities:** | | | | | | |
| **Securities of U.S. Treasury and federal agencies** | **—** | **—** | **—** | **3,267** | **2,920** | **—** |
| **Securities of U.S. states and political subdivisions** | **—** | **—** | **—** | **—** | **47,382** | **40** |
| **Mortgage-backed securities** | **—** | **27** | **—** | **—** | **160,382** | **41** |
| **Other debt securities (1)** | **—** | **423** | **967** | **—** | **44,451** | **48** |
| **Total available-for-sale debt securities** | **—** | **450** | **967** | **3,267** | **255,135** | **129** |
| **Equity securities:** | | | | | | |
| **Marketable** | **—** | **—** | **—** | **—** | **224** | **—** |
| **Nonmarketable** | **—** | **—** | **—** | **—** | **1** | **46** |
| **Total equity securities** | **—** | **—** | **—** | **—** | **225** | **46** |
| **Derivative assets** | **—** | **—** | **—** | **34** | **—** | **—** |
| **Derivative liabilities** | **—** | **—** | **—** | **(38)** | **—** | **—** |
| **Other liabilities (2)** | **—** | **—** | **—** | **—** | **—** | **—** |
| December 31, 2017 | | | | | | |
| Trading debt securities | $ — | — | — | 926 | 215 | — |
| Available-for-sale debt securities: | | | | | | |
| Securities of U.S. Treasury and federal agencies | — | — | — | 3,389 | 2,930 | — |
| Securities of U.S. states and political subdivisions | — | — | — | — | 50,401 | 49 |
| Mortgage-backed securities | — | 33 | — | — | 168,948 | 75 |
| Other debt securities (1) | — | 307 | 1,158 | — | 44,465 | 22 |
| Total available-for-sale debt securities | — | 340 | 1,158 | 3,389 | 266,744 | 146 |
| Equity securities: | | | | | | |
| Marketable | — | — | — | — | 227 | — |
| Nonmarketable | — | — | — | — | — | — |
| Total equity securities | — | — | — | — | 227 | — |
| Derivative assets | — | — | — | 19 | — | — |
| Derivative liabilities | — | — | — | (19) | — | — |
| Other liabilities (2) | — | — | — | — | — | — |

(1) Includes corporate debt securities, collateralized loan and other debt obligations, asset-backed securities, and other debt securities.
(2) Includes short sale liabilities and other liabilities.

## Assets and Liabilities Recorded at Fair Value on a Recurring Basis

Table 15.2 presents the balances of assets and liabilities recorded at fair value on a recurring basis.

**Table 15.2: Fair Value on a Recurring Basis**

| (in millions) | Level 1 | Level 2 | Level 3 | Netting | Total |
|---|---|---|---|---|---|
| **September 30, 2018** | | | | | |
| **Trading debt securities:** | | | | | |
| Securities of U.S. Treasury and federal agencies | $ 14,234 | 3,184 | — | — | 17,418 |
| Securities of U.S. states and political subdivisions | — | 3,215 | 3 | — | 3,218 |
| Collateralized loan obligations | — | 772 | 263 | — | 1,035 |
| Corporate debt securities | — | 11,826 | 35 | — | 11,861 |
| Mortgage-backed securities | — | 30,662 | — | — | 30,662 |
| Asset-backed securities | — | 960 | — | — | 960 |
| Other trading debt securities | — | 17 | 17 | — | 34 |
| Total trading debt securities | 14,234 | 50,636 | 318 | — | 65,188 |
| **Available-for-sale debt securities:** | | | | | |
| Securities of U.S. Treasury and federal agencies | 3,267 | 2,920 | — | — | 6,187 |
| Securities of U.S. states and political subdivisions | — | 47,621 | 595 | — | 48,216 |
| Mortgage-backed securities: | | | | | |
| Federal agencies | — | 153,511 | — | — | 153,511 |
| Residential | — | 2,966 | — | — | 2,966 |
| Commercial | — | 3,932 | 41 | — | 3,973 |
| Total mortgage-backed securities | — | 160,409 | 41 | — | 160,450 |
| Corporate debt securities | 35 | 6,191 | 388 | — | 6,614 |
| Collateralized loan and other debt obligations (1) | — | 35,351 | 843 | — | 36,194 |
| Asset-backed securities: | | | | | |
| Automobile loans and leases | — | 547 | — | — | 547 |
| Home equity loans | — | 124 | — | — | 124 |
| Other asset-backed securities | — | 4,229 | 402 | — | 4,631 |
| Total asset-backed securities | — | 4,900 | 402 | — | 5,302 |
| Other debt securities | — | 1 | — | — | 1 |
| Total available-for-sale debt securities | 3,302 | 257,393 | 2,269 (2) | — | 262,964 |
| **Mortgage loans held for sale** | — | 12,905 | 980 | — | 13,885 |
| **Loans held for sale** | — | 1,244 | 22 | — | 1,266 |
| **Loans** | — | — | 286 | — | 286 |
| **Mortgage servicing rights (residential)** | — | — | 15,980 | — | 15,980 |
| **Derivative assets:** | | | | | |
| Interest rate contracts | 19 | 15,996 | 48 | — | 16,063 |
| Commodity contracts | — | 4,129 | 76 | — | 4,205 |
| Equity contracts | 2,022 | 4,306 | 1,495 | — | 7,823 |
| Foreign exchange contracts | 34 | 6,391 | 9 | — | 6,434 |
| Credit contracts | — | 172 | 82 | — | 254 |
| Netting | — | — | — | (22,968) (3) | (22,968) |
| Total derivative assets | 2,075 | 30,994 | 1,710 | (22,968) | 11,811 |
| **Equity securities - excluding securities at NAV:** | | | | | |
| Marketable | 30,799 | 1,044 | — | — | 31,843 |
| Nonmarketable | — | 33 | 6,328 | — | 6,361 |
| Total equity securities | $ 30,799 | 1,077 | 6,328 | — | 38,204 |
| Total assets included in the fair value hierarchy | $ 50,410 | 354,249 | 27,893 | (22,968) | 409,584 |
| **Equity securities at NAV (4)** | | | | | 118 |
| Total assets recorded at fair value | | | | | $ 409,702 |
| **Derivative liabilities:** | | | | | |
| Interest rate contracts | $ (16) | (15,371) | (156) | — | (15,543) |
| Commodity contracts | — | (1,701) | (15) | — | (1,716) |
| Equity contracts | (1,411) | (5,544) | (1,769) | — | (8,724) |
| Foreign exchange contracts | (38) | (6,301) | (30) | — | (6,369) |
| Credit contracts | — | (263) | (55) | — | (318) |
| Netting | — | — | — | 24,084 (3) | 24,084 |
| Total derivative liabilities | (1,465) | (29,180) | (2,025) | 24,084 | (8,586) |
| **Short sale liabilities:** | | | | | |
| Securities of U.S. Treasury and federal agencies | (14,334) | (609) | — | — | (14,943) |
| Mortgage-backed securities | — | (121) | — | — | (121) |
| Corporate debt securities | — | (5,416) | — | — | (5,416) |
| Equity securities | (3,506) | (5) | — | — | (3,511) |
| Other securities | — | (1) | — | — | (1) |
| Total short sale liabilities | (17,840) | (6,152) | — | — | (23,992) |
| **Other liabilities** | — | — | (2) | — | (2) |
| Total liabilities recorded at fair value | $ (19,305) | (35,332) | (2,027) | 24,084 | (32,580) |

(1) Includes collateralized debt obligations of $843 million.
(2) A significant portion of the balance consists of securities that are investment grade based on ratings received from the ratings agencies or internal credit grades categorized as investment grade if external ratings are not available. The securities are classified as Level 3 due to limited market activity.
(3) Represents balance sheet netting of derivative asset and liability balances and related cash collateral. See Note 14 (Derivatives) for additional information.
(4) Consists of certain nonmarketable equity securities that are measured at fair value using NAV per share (or its equivalent) as a practical expedient and are excluded from the fair value hierarchy.

*(continued on following page)*

## Note 15: Fair Values of Assets and Liabilities (*continued*)

*(continued from previous page)*

| (in millions) | Level 1 | Level 2 | Level 3 | Netting | Total |
|---|---|---|---|---|---|
| December 31, 2017 | | | | | |
| Trading debt securities: | | | | | |
| Securities of U.S. Treasury and federal agencies | $ 12,491 | 2,383 | — | — | 14,874 |
| Securities of U.S. states and political subdivisions | — | 3,732 | 3 | — | 3,735 |
| Collateralized loan obligations | — | 565 | 354 | — | 919 |
| Corporate debt securities | — | 11,760 | 31 | — | 11,791 |
| Mortgage-backed securities | — | 25,273 | — | — | 25,273 |
| Asset-backed securities | — | 993 | — | — | 993 |
| Other trading debt securities | — | 20 | 19 | — | 39 |
| Total trading debt securities | 12,491 | 44,726 | 407 | — | 57,624 |
| Available-for-sale debt securities: | | | | | |
| Securities of U.S. Treasury and federal agencies | 3,389 | 2,930 | — | — | 6,319 |
| Securities of U.S. states and political subdivisions | — | 50,401 | 925 | — | 51,326 |
| Mortgage-backed securities: | | | | | |
| Federal agencies | — | 160,219 | — | — | 160,219 |
| Residential | — | 4,607 | 1 | — | 4,608 |
| Commercial | — | 4,490 | 75 | — | 4,565 |
| Total mortgage-backed securities | — | 169,316 | 76 | — | 169,392 |
| Corporate debt securities | 56 | 7,203 | 407 | — | 7,666 |
| Collateralized loan and other debt obligations (1) | — | 35,036 | 1,020 | — | 36,056 |
| Asset-backed securities: | | | | | |
| Automobile loans and leases | — | 553 | — | — | 553 |
| Home equity loans | — | 149 | — | — | 149 |
| Other asset-backed securities | — | 4,380 | 566 | — | 4,946 |
| Total asset-backed securities | — | 5,082 | 566 | — | 5,648 |
| Other debt securities | — | — | — | — | — |
| Total available-for-sale debt securities | 3,445 | 269,968 | 2,994 (2) | — | 276,407 |
| Mortgage loans held for sale | — | 15,118 | 998 | — | 16,116 |
| Loans held for sale | — | 1,009 | 14 | — | 1,023 |
| Loans | — | — | 376 | — | 376 |
| Mortgage servicing rights (residential) | — | — | 13,625 | — | 13,625 |
| Derivative assets: | | | | | |
| Interest rate contracts | 17 | 17,479 | 134 | — | 17,630 |
| Commodity contracts | — | 2,318 | 36 | — | 2,354 |
| Equity contracts | 1,698 | 3,970 | 1,339 | — | 7,007 |
| Foreign exchange contracts | 19 | 8,944 | 10 | — | 8,973 |
| Credit contracts | — | 269 | 122 | — | 391 |
| Netting | — | — | — | (24,127) (3) | (24,127) |
| Total derivative assets | 1,734 | 32,980 | 1,641 | (24,127) | 12,228 |
| Equity securities - excluding securities at NAV: | | | | | |
| Marketable | 33,931 | 429 | — | — | 34,360 |
| Nonmarketable | — | 46 | 4,821 | — | 4,867 |
| Total equity securities | $ 33,931 | 475 | 4,821 | — | 39,227 |
| Total assets included in the fair value hierarchy | $ 51,601 | 364,276 | 24,876 | (24,127) | 416,626 |
| Equity securities at NAV (4) | | | | | — |
| Total assets recorded at fair value | | | | | $ 416,626 |
| Derivative liabilities: | | | | | |
| Interest rate contracts | $ (17) | (15,392) | (63) | — | (15,472) |
| Commodity contracts | — | (1,318) | (17) | — | (1,335) |
| Equity contracts | (1,313) | (5,338) | (1,850) | — | (8,501) |
| Foreign exchange contracts | (19) | (8,546) | (3) | — | (8,568) |
| Credit contracts | — | (336) | (86) | — | (422) |
| Netting | — | — | — | 25,502 (3) | 25,502 |
| Total derivative liabilities | (1,349) | (30,930) | (2,019) | 25,502 | (8,796) |
| Short sale liabilities: | | | | | |
| Securities of U.S. Treasury and federal agencies | (10,420) | (568) | — | — | (10,988) |
| Corporate debt securities | — | (4,986) | — | — | (4,986) |
| Equity securities | (2,168) | (45) | — | — | (2,213) |
| Other securities | — | (285) | — | — | (285) |
| Total short sale liabilities | (12,588) | (5,884) | — | — | (18,472) |
| Other liabilities | — | — | (3) | — | (3) |
| Total liabilities recorded at fair value | $ (13,937) | (36,814) | (2,022) | 25,502 | (27,271) |

(1) Includes collateralized debt obligations of $1.0 billion.
(2) Balance primarily consists of securities that are investment grade based on ratings received from the ratings agencies or internal credit grades categorized as investment grade if external ratings are not available. The securities are classified as Level 3 due to limited market activity.
(3) Represents balance sheet netting of derivative asset and liability balances and related cash collateral. See Note 14 (Derivatives) for additional information.
(4) Consists of certain nonmarketable equity securities that are measured at fair value using NAV per share (or its equivalent) as a practical expedient and are excluded from the fair value hierarchy.

### Changes in Fair Value Levels

We monitor the availability of observable market data to assess the appropriate classification of financial instruments within the fair value hierarchy and transfer between Level 1, Level 2, and Level 3 accordingly. Observable market data includes but is not limited to quoted prices and market transactions. Changes in economic conditions or market liquidity generally will drive changes in availability of observable market data. Changes in availability of observable market data, which also may result in changing the valuation technique used, are generally the cause of transfers between Level 1, Level 2, and Level 3. The amounts reported as transfers represent the fair value as of the beginning of the quarter in which the transfer occurred. The changes in Level 3 assets and liabilities measured at fair value on a recurring basis for the quarter ended September 30, 2018, are presented in Table 15.3.

**Table 15.3: Changes in Level 3 Fair Value Assets and Liabilities on a Recurring Basis – Quarter ended September 30, 2018**

| (in millions) | Balance, beginning of period | Total net gains (losses) included in: Net income | Total net gains (losses) included in: Other comprehensive income | Purchases, sales, issuances and settlements, net (1) | Transfers into Level 3 (2) | Transfers out of Level 3 (3) | Balance, end of period | Net unrealized gains (losses) included in income related to assets and liabilities held at period end | (4) |
|---|---|---|---|---|---|---|---|---|---|
| **Quarter ended September 30, 2018** | | | | | | | | | |
| **Trading debt securities:** | | | | | | | | | |
| Securities of U.S. states and political subdivisions | $ 3 | — | — | — | — | — | 3 | — | |
| Collateralized loan obligations | 291 | 2 | — | (26) | — | (4) | 263 | 1 | |
| Corporate debt securities | 36 | 2 | — | 7 | — | (10) | 35 | 2 | |
| Mortgage-backed securities | — | — | — | — | — | — | — | — | |
| Asset-backed securities | — | — | — | — | — | — | — | — | |
| Other trading debt securities | 17 | — | — | — | — | — | 17 | 1 | |
| Total trading debt securities | 347 | 4 | — | (19) | — | (14) | 318 | 4 | (5) |
| **Available-for-sale debt securities:** | | | | | | | | | |
| Securities of U.S. states and political subdivisions | 559 | — | (3) | 39 | — | — | 595 | — | |
| Mortgage-backed securities: | | | | | | | | | |
| Residential | — | — | 1 | (1) | — | — | — | — | |
| Commercial | 53 | (1) | — | (11) | — | — | 41 | (1) | |
| Total mortgage-backed securities | 53 | (1) | 1 | (12) | — | — | 41 | (1) | |
| Corporate debt securities | 443 | 2 | (2) | (55) | — | — | 388 | — | |
| Collateralized loan and other debt obligations | 1,037 | 44 | (33) | (205) | — | — | 843 | — | |
| Asset-backed securities: | | | | | | | | | |
| Automobile loans and leases | — | — | — | — | — | — | — | — | |
| Other asset-backed securities | 401 | (4) | (2) | 7 | — | — | 402 | (3) | |
| Total asset-backed securities | 401 | (4) | (2) | 7 | — | — | 402 | (3) | |
| Total available-for-sale debt securities | 2,493 | 41 | (39) | (226) | — | — | 2,269 | (4) | (6) |
| **Mortgage loans held for sale** | 986 | (12) | — | (8) | 16 | (2) | 980 | (12) | (7) |
| **Loans held for sale** | 20 | 1 | — | 1 | — | — | 22 | — | |
| **Loans** | 321 | — | — | (35) | — | — | 286 | (5) | (7) |
| **Mortgage servicing rights (residential)(8)** | 15,411 | 69 | — | 500 | — | — | 15,980 | 531 | (7) |
| **Net derivative assets and liabilities:** | | | | | | | | | |
| Interest rate contracts | (41) | (103) | — | 36 | — | — | (108) | (43) | |
| Commodity contracts | 26 | 29 | — | 6 | — | — | 61 | 38 | |
| Equity contracts | (339) | (30) | — | 89 | — | 6 | (274) | (74) | |
| Foreign exchange contracts | (15) | (10) | — | 4 | — | — | (21) | (4) | |
| Credit contracts | 24 | 5 | — | (2) | — | — | 27 | 3 | |
| Other derivative contracts | — | — | — | — | — | — | — | — | |
| Total derivative contracts | (345) | (109) | — | 133 | — | 6 | (315) | (80) | (9) |
| **Equity securities:** | | | | | | | | | |
| Marketable | — | — | — | — | — | — | — | — | |
| Nonmarketable | 5,806 | 817 | — | (295) | — | — | 6,328 | 770 | |
| Total equity securities | 5,806 | 817 | — | (295) | — | — | 6,328 | 770 | (10) |
| **Short sale liabilities** | — | — | — | — | — | — | — | — | (5) |
| **Other liabilities** | (2) | — | — | — | — | — | (2) | — | (7) |

(1) See Table 15.4 for detail.
(2) All assets and liabilities transferred into level 3 were previously classified within level 2.
(3) All assets and liabilities transferred out of level 3 are classified as level 2.
(4) Represents only net gains (losses) that are due to changes in economic conditions and management's estimates of fair value and excludes changes due to the collection/realization of cash flows over time.
(5) Included in net gains (losses) from trading activities in the income statement.
(6) Included in net gains (losses) from debt securities in the income statement.
(7) Included in mortgage banking and other noninterest income in the income statement.
(8) For more information on the changes in mortgage servicing rights, see Note 10 (Mortgage Banking Activities).
(9) Included in mortgage banking, trading activities, equity securities and other noninterest income in the income statement.
(10) Included in net gains (losses) from equity securities in the income statement.

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Table 15.4 presents gross purchases, sales, issuances and settlements related to the changes in Level 3 assets and liabilities measured at fair value on a recurring basis for the quarter ended September 30, 2018.

**Table 15.4: Gross Purchases, Sales, Issuances and Settlements – Level 3 – Quarter ended September 30, 2018**

| (in millions) | Purchases | Sales | Issuances | Settlements | Net |
|---|---|---|---|---|---|
| **Quarter ended September 30, 2018** | | | | | |
| **Trading debt securities:** | | | | | |
| Securities of U.S. states and political subdivisions | $ — | — | — | — | — |
| Collateralized loan obligations | 75 | (70) | — | (31) | (26) |
| Corporate debt securities | 8 | (1) | — | — | 7 |
| Mortgage-backed securities | — | — | — | — | — |
| Asset-backed securities | — | — | — | — | — |
| Other trading debt securities | — | — | — | — | — |
| Total trading debt securities | 83 | (71) | — | (31) | (19) |
| **Available-for-sale debt securities:** | | | | | |
| Securities of U.S. states and political subdivisions | — | — | 69 | (30) | 39 |
| Mortgage-backed securities: | | | | | |
| Residential | — | — | — | (1) | (1) |
| Commercial | — | — | — | (11) | (11) |
| Total mortgage-backed securities | — | — | — | (12) | (12) |
| Corporate debt securities | — | — | — | (55) | (55) |
| Collateralized loan and other debt obligations | — | (149) | — | (56) | (205) |
| Asset-backed securities: | | | | | |
| Automobile loans and leases | — | — | — | — | — |
| Other asset-backed securities | — | — | 96 | (89) | 7 |
| Total asset-backed securities | — | — | 96 | (89) | 7 |
| Total available-for-sale debt securities | — | (149) | 165 | (242) | (226) |
| **Mortgage loans held for sale** | 17 | (89) | 104 | (40) | (8) |
| **Loans held for sale** | 1 | — | — | — | 1 |
| **Loans** | 2 | — | 5 | (42) | (35) |
| **Mortgage servicing rights (residential) (1)** | — | (2) | 502 | — | 500 |
| **Net derivative assets and liabilities:** | | | | | |
| Interest rate contracts | — | — | — | 36 | 36 |
| Commodity contracts | — | — | — | 6 | 6 |
| Equity contracts | 3 | (37) | — | 123 | 89 |
| Foreign exchange contracts | — | — | — | 4 | 4 |
| Credit contracts | 1 | (2) | — | (1) | (2) |
| Other derivative contracts | — | — | — | — | — |
| Total derivative contracts | 4 | (39) | — | 168 | 133 |
| **Equity securities:** | | | | | |
| Marketable | — | — | — | — | — |
| Nonmarketable | — | — | — | (295) | (295) |
| Total equity securities | — | — | — | (295 | (295 |
| **Short sale liabilities** | — | — | — | — | — |
| **Other liabilities** | — | — | — | — | — |

(1) For more information on the changes in mortgage servicing rights, see Note 10 (Mortgage Banking Activities).

The changes in Level 3 assets and liabilities measured at fair value on a recurring basis for the quarter ended September 30, 2017, are presented in Table 15.5.

**Table 15.5: Changes in Level 3 Fair Value Assets and Liabilities on a Recurring Basis – Quarter ended September 30, 2017**

| (in millions) | Balance, beginning of period | Total net gains (losses) included in: Net income | Total net gains (losses) included in: Other comprehensive income | Purchases, sales, issuances and settlements, net (1) | Transfers into Level 3 (2) | Transfers out of Level 3 (3) | Balance, end of period | Net unrealized gains (losses) included in income related to assets and liabilities held at period end | (4) |
|---|---|---|---|---|---|---|---|---|---|
| Quarter ended September 30, 2017 | | | | | | | | | |
| Trading debt securities: | | | | | | | | | |
| Securities of U.S. states and political subdivisions | $ 9 | — | — | (6) | — | — | 3 | — | |
| Collateralized loan obligations | 403 | — | — | (20) | — | — | 383 | (4) | |
| Corporate debt securities | 26 | — | — | 6 | 2 | — | 34 | — | |
| Mortgage-backed securities | — | — | — | — | — | — | — | — | |
| Asset-backed securities | — | — | — | — | — | — | — | — | |
| Other trading debt securities | 25 | — | — | — | — | — | 25 | — | |
| Total trading debt securities | 463 | — | — | (20) | 2 | — | 445 | (4) | (5) |
| Available-for-sale debt securities: | | | | | | | | | |
| Securities of U.S. states and political subdivisions | 1,557 | 3 | 3 | (19) | — | (838) | 706 | — | |
| Mortgage-backed securities: | | | | | | | | | |
| Residential | 1 | — | — | — | — | — | 1 | — | |
| Commercial | 75 | — | 1 | — | — | — | 76 | — | |
| Total mortgage-backed securities | 76 | — | 1 | — | — | — | 77 | — | |
| Corporate debt securities | 376 | 1 | 4 | (1) | — | — | 380 | — | |
| Collateralized loan and other debt obligations | 1,002 | 7 | 25 | (20) | — | — | 1,014 | — | |
| Asset-backed securities: | | | | | | | | | |
| Automobile loans and leases | — | — | — | — | — | — | — | — | |
| Other asset-backed securities | 872 | 1 | 2 | (240) | — | — | 635 | — | |
| Total asset-backed securities | 872 | 1 | 2 | (240) | — | — | 635 | — | |
| Total available-for-sale debt securities | 3,883 | 12 | 35 | (280) | — | (838) | 2,812 | — | (6) |
| Mortgage loans held for sale | 995 | (10) | — | (6) | 55 | (2) | 1,032 | (11) | (7) |
| Loans held for sale | 14 | — | — | (1) | 18 | — | 31 | — | |
| Loans | 443 | — | — | (33) | — | — | 410 | (3) | (7) |
| Mortgage servicing rights (residential) (8) | 12,789 | (661) | — | 1,210 | — | — | 13,338 | (142) | (7) |
| Net derivative assets and liabilities: | | | | | | | | | |
| Interest rate contracts | 115 | 158 | — | (159) | — | — | 114 | 8 | |
| Commodity contracts | 17 | (16) | — | 9 | 2 | — | 12 | 7 | |
| Equity contracts | (471) | (70) | — | (27) | (17) | (6) | (591) | (130) | |
| Foreign exchange contracts | 4 | 3 | — | — | — | — | 7 | 1 | |
| Credit contracts | 72 | (6) | — | (13) | — | — | 53 | (6) | |
| Other derivative contracts | (34) | 8 | — | — | — | — | (26) | 8 | |
| Total derivative contracts | (297) | 77 | — | (190) | (15) | (6) | (431) | (112) | (9) |
| Equity securities: | | | | | | | | | |
| Marketable | — | — | — | — | — | — | — | — | |
| Nonmarketable | 3,960 | 513 | — | — | — | — | 4,473 | 513 | |
| Total equity securities | 3,960 | 513 | — | — | — | — | 4,473 | 513 | (10) |
| Short sale liabilities | — | — | — | (3) | — | — | (3) | — | (5) |
| Other liabilities | (3) | — | — | — | — | — | (3) | — | (7) |

(1) See Table 15.6 for detail.
(2) All assets and liabilities transferred into level 3 were previously classified within level 2.
(3) All assets and liabilities transferred out of level 3 are classified as level 2.
(4) Represents only net gains (losses) that are due to changes in economic conditions and management's estimates of fair value and excludes changes due to the collection/realization of cash flows over time.
(5) Included in net gains (losses) from trading activities in the income statement.
(6) Included in net gains (losses) from debt securities in the income statement.
(7) Included in mortgage banking and other noninterest income in the income statement.
(8) For more information on the changes in mortgage servicing rights, see Note 10 (Mortgage Banking Activities).
(9) Included in mortgage banking, trading activities, equity securities and other noninterest income in the income statement.
(10) Included in net gains (losses) from equity securities in the income statement.

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Table 15.6 presents gross purchases, sales, issuances and settlements related to the changes in Level 3 assets and liabilities measured at fair value on a recurring basis for the quarter ended September 30, 2017.

**Table 15.6: Gross Purchases, Sales, Issuances and Settlements – Level 3 – Quarter ended September 30, 2017**

| (in millions) | Purchases | Sales | Issuances | Settlements | Net |
|---|---|---|---|---|---|
| Quarter ended September 30, 2017 | | | | | |
| Trading debt securities: | | | | | |
| Securities of U.S. states and political subdivisions | $ 30 | (35) | — | (1) | (6) |
| Collateralized loan obligations | 51 | (36) | — | (35) | (20) |
| Corporate debt securities | 9 | (3) | — | — | 6 |
| Mortgage-backed securities | — | — | — | — | — |
| Asset-backed securities | — | — | — | — | — |
| Other trading debt securities | — | — | — | — | — |
| Total trading debt securities | 90 | (74) | — | (36) | (20) |
| Available-for-sale debt securities: | | | | | |
| Securities of U.S. states and political subdivisions | — | (68) | 98 | (49) | (19) |
| Mortgage-backed securities: | | | | | |
| Residential | — | — | — | — | — |
| Commercial | — | — | — | — | — |
| Total mortgage-backed securities | — | — | — | — | — |
| Corporate debt securities | — | — | — | (1) | (1) |
| Collateralized loan and other debt obligations | 6 | — | — | (26) | (20) |
| Asset-backed securities: | | | | | |
| Automobile loans and leases | — | — | — | — | — |
| Other asset-backed securities | — | — | 16 | (256) | (240) |
| Total asset-backed securities | — | — | 16 | (256) | (240) |
| Total available-for-sale debt securities | 6 | (68) | 114 | (332) | (280) |
| Mortgage loans held for sale | 17 | (130) | 147 | (40) | (6) |
| Loans held for sale | — | (1) | — | — | (1) |
| Loans | 2 | — | 5 | (40) | (33) |
| Mortgage servicing rights (residential) (1) | 541 | 64 | 605 | — | 1,210 |
| Net derivative assets and liabilities: | | | | | |
| Interest rate contracts | — | — | — | (159) | (159) |
| Commodity contracts | — | — | — | 9 | 9 |
| Equity contracts | — | (48) | — | 21 | (27) |
| Foreign exchange contracts | — | — | — | — | — |
| Credit contracts | 1 | — | — | (14) | (13) |
| Other derivative contracts | — | — | — | — | — |
| Total derivative contracts | 1 | (48) | — | (143) | (190) |
| Equity securities: | | | | | |
| Marketable | — | — | — | — | — |
| Nonmarketable | — | — | — | — | — |
| Total equity securities | — | — | — | — | — |
| Short sale liabilities | — | (3) | — | — | (3) |
| Other liabilities | — | — | — | — | — |

(1) For more information on the changes in mortgage servicing rights, see Note 10 (Mortgage Banking Activities).

The changes in Level 3 assets and liabilities measured at fair value on a recurring basis for the first nine months of 2018, are presented in Table 15.7.

**Table 15.7: Changes in Level 3 Fair Value Assets and Liabilities on a Recurring Basis – Nine months ended September 30, 2018**

| (in millions) | Balance, beginning of period | Total net gains (losses) included in: Net income | Total net gains (losses) included in: Other comprehensive income | Purchases, sales, issuances and settlements, net (1) | Transfers into Level 3 (2) | Transfers out of Level 3 (3) | Balance, end of period | Net unrealized gains (losses) included in income related to assets and liabilities held at period end | (4) |
|---|---|---|---|---|---|---|---|---|---|
| **Nine months ended September 30, 2018** | | | | | | | | | |
| **Trading debt securities:** | | | | | | | | | |
| Securities of U.S. states and political subdivisions | $ 3 | — | — | — | — | — | 3 | — | |
| Collateralized loan obligations | 354 | (2) | — | (85) | — | (4) | 263 | — | |
| Corporate debt securities | 31 | 2 | — | 13 | — | (11) | 35 | 4 | |
| Mortgage-backed securities | — | — | — | — | — | — | — | — | |
| Asset-backed securities | — | — | — | — | — | — | — | — | |
| Other trading debt securities | 19 | (2) | — | — | — | — | 17 | — | |
| Total trading debt securities | 407 | (2) | — | (72) | — | (15) | 318 | 4 | (5) |
| **Available-for-sale debt securities:** | | | | | | | | | |
| Securities of U.S. states and political subdivisions | 925 | 5 | (5) | (51) | — | (279) | 595 | — | |
| Mortgage-backed securities: | | | | | | | | | |
| Residential | 1 | — | — | (1) | — | — | — | — | |
| Commercial | 75 | — | (2) | (32) | — | — | 41 | (2) | |
| Total mortgage-backed securities | 76 | — | (2) | (33) | — | — | 41 | (2) | |
| Corporate debt securities | 407 | 4 | 2 | (25) | — | — | 388 | — | |
| Collateralized loan and other debt obligations | 1,020 | 55 | 20 | (252) | — | — | 843 | — | |
| Asset-backed securities: | | | | | | | | | |
| Automobile loans and leases | — | — | — | — | — | — | — | — | |
| Other asset-backed securities | 566 | 4 | (10) | (158) | — | — | 402 | (3) | |
| Total asset-backed securities | 566 | 4 | (10) | (158) | — | — | 402 | (3) | |
| Total available-for-sale debt securities | 2,994 | 68 | 5 | (519) | — | (279) | 2,269 | (5) | (6) |
| Mortgage loans held for sale | 998 | (46) | — | (20) | 56 | (8) | 980 | (42) | (7) |
| Loans held for sale | 14 | 2 | — | (15) | 21 | — | 22 | — | |
| Loans | 376 | (1) | — | (89) | — | — | 286 | (9) | (7) |
| Mortgage servicing rights (residential) (8) | 13,625 | 801 | — | 1,554 | — | — | 15,980 | 2,206 | (7) |
| **Net derivative assets and liabilities:** | | | | | | | | | |
| Interest rate contracts | 71 | (511) | — | 332 | — | — | (108) | (163) | |
| Commodity contracts | 19 | 59 | — | (20) | 3 | — | 61 | 60 | |
| Equity contracts | (511) | 27 | — | 153 | — | 57 | (274) | (67) | |
| Foreign exchange contracts | 7 | (35) | — | 7 | — | — | (21) | (23) | |
| Credit contracts | 36 | 1 | — | (10) | — | — | 27 | (6) | |
| Other derivative contracts | — | — | — | — | — | — | — | — | |
| Total derivative contracts | (378) | (459) | — | 462 | 3 | 57 | (315) | (199) | (9) |
| **Equity securities:** | | | | | | | | | |
| Marketable | — | — | — | — | — | — | — | — | |
| Nonmarketable (10) | 5,203 | 1,510 | — | (391) | 10 | (4) | 6,328 | 1,457 | |
| Total equity securities | 5,203 | 1,510 | — | (391) | 10 | (4) | 6,328 | 1,457 | (11) |
| **Short sale liabilities** | — | — | — | — | — | — | — | — | (5) |
| **Other liabilities** | (3) | 1 | — | — | — | — | (2) | — | (7) |

(1) See Table 15.8 for detail.
(2) All assets and liabilities transferred into level 3 were previously classified within level 2.
(3) All assets and liabilities transferred out of level 3 are classified as level 2.
(4) Represents only net gains (losses) that are due to changes in economic conditions and management's estimates of fair value and excludes changes due to the collection/realization of cash flows over time.
(5) Included in net gains (losses) from trading activities in the income statement.
(6) Included in net gains (losses) from debt securities in the income statement.
(7) Included in mortgage banking and other noninterest income in the income statement.
(8) For more information on the changes in mortgage servicing rights, see Note 10 (Mortgage Banking Activities).
(9) Included in mortgage banking, trading activities, equity securities and other noninterest income in the income statement.
(10) Beginning balance includes $382 million of auction rate securities, which changed from the cost to fair value method of accounting in connection with the adoption of ASU 2016-01 in first quarter 2018.
(11) Included in net gains (losses) from equity securities in the income statement.

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Table 15.8 presents gross purchases, sales, issuances and settlements related to the changes in Level 3 assets and liabilities measured at fair value on a recurring basis for the first nine months of 2018.

**Table 15.8: Gross Purchases, Sales, Issuances and Settlements – Level 3 – Nine months ended September 30, 2018**

| (in millions) | Purchases | Sales | Issuances | Settlements | Net |
|---|---|---|---|---|---|
| **Nine months ended September 30, 2018** | | | | | |
| **Trading debt securities:** | | | | | |
| Securities of U.S. states and political subdivisions | $ — | — | — | — | — |
| Collateralized loan obligations | 346 | (300) | — | (131) | (85) |
| Corporate debt securities | 16 | (3) | — | — | 13 |
| Mortgage-backed securities | — | — | — | — | — |
| Asset-backed securities | — | — | — | — | — |
| Other trading debt securities | — | — | — | — | — |
| Total trading debt securities | 362 | (303) | — | (131) | (72) |
| **Available-for-sale debt securities:** | | | | | |
| Securities of U.S. states and political subdivisions | — | (4) | 79 | (126) | (51) |
| Mortgage-backed securities: | | | | | |
| Residential | — | — | — | (1) | (1) |
| Commercial | — | — | — | (32) | (32) |
| Total mortgage-backed securities | — | — | — | (33) | (33) |
| Corporate debt securities | 31 | — | — | (56) | (25) |
| Collateralized loan and other debt obligations | — | (149) | — | (103) | (252) |
| Asset-backed securities: | | | | | |
| Automobile loans and leases | — | — | — | — | — |
| Other asset-backed securities | — | (8) | 154 | (304) | (158) |
| Total asset-backed securities | — | (8) | 154 | (304) | (158) |
| Total available-for-sale debt securities | 31 | (161) | 233 | (622) | (519) |
| **Mortgage loans held for sale** | 64 | (240) | 271 | (115) | (20) |
| **Loans held for sale** | 1 | (16) | — | — | (15) |
| **Loans** | 3 | — | 13 | (105) | (89) |
| **Mortgage servicing rights (residential) (1)** | — | (7) | 1,561 | — | 1,554 |
| **Net derivative assets and liabilities:** | | | | | |
| Interest rate contracts | — | — | — | 332 | 332 |
| Commodity contracts | — | — | — | (20) | (20) |
| Equity contracts | 3 | (37) | — | 187 | 153 |
| Foreign exchange contracts | — | — | — | 7 | 7 |
| Credit contracts | 9 | (6) | — | (13) | (10) |
| Other derivative contracts | — | — | — | — | — |
| Total derivative contracts | 12 | (43) | — | 493 | 462 |
| **Equity securities:** | | | | | |
| Marketable | — | — | — | — | — |
| Nonmarketable | — | (17) | — | (374) | (391) |
| Total equity securities | — | (17) | — | (374) | (391) |
| **Short sale liabilities** | — | — | — | — | — |
| **Other liabilities** | — | — | — | — | — |

(1) For more information on the changes in mortgage servicing rights, see Note 10 (Mortgage Banking Activities).

The changes in Level 3 assets and liabilities measured at fair value on a recurring basis for the first nine months of 2017, are presented in Table 15.9.

**Table 15.9: Changes in Level 3 Fair Value Assets and Liabilities on a Recurring Basis – Nine months ended September 30, 2017**

| (in millions) | Balance, beginning of period | Total net gains (losses) included in: Net income | Total net gains (losses) included in: Other comprehensive income | Purchases, sales, issuances and settlements, net (1) | Transfers into Level 3 (2) | Transfers out of Level 3 (3) | Balance, end of period | Net unrealized gains (losses) included in income related to assets and liabilities held at period end | (4) |
|---|---|---|---|---|---|---|---|---|---|
| Nine months ended September 30, 2017 | | | | | | | | | |
| Trading debt securities: | | | | | | | | | |
| Securities of U.S. states and political subdivisions | $ 3 | — | — | — | — | — | 3 | — | |
| Collateralized loan obligations | 309 | (3) | — | 77 | — | — | 383 | (12) | |
| Corporate debt securities | 34 | 1 | — | (5) | 5 | (1) | 34 | — | |
| Mortgage-backed securities | — | — | — | — | — | — | — | — | |
| Asset-backed securities | — | — | — | — | — | — | — | — | |
| Other trading debt securities | 28 | (3) | — | — | — | — | 25 | (2) | |
| Total trading debt securities | 374 | (5) | — | 72 | 5 | (1) | 445 | (14) | (5) |
| Available-for-sale debt securities: | | | | | | | | | |
| Securities of U.S. states and political subdivisions | 1,140 | 4 | 7 | 884 | 5 | (1,334) | 706 | — | |
| Mortgage-backed securities: | | | | | | | | | |
| Residential | 1 | — | — | — | — | — | 1 | — | |
| Commercial | 91 | (6) | — | (9) | — | — | 76 | (11) | |
| Total mortgage-backed securities | 92 | (6) | — | (9) | — | — | 77 | (11) | |
| Corporate debt securities | 432 | (13) | 14 | (53) | — | — | 380 | — | |
| Collateralized loan and other debt obligations | 879 | 17 | 70 | 48 | — | — | 1,014 | — | |
| Asset-backed securities: | | | | | | | | | |
| Automobile loans and leases | — | — | — | — | — | — | — | — | |
| Other asset-backed securities | 962 | 1 | 5 | (333) | — | — | 635 | — | |
| Total asset-backed securities | 962 | 1 | 5 | (333) | — | — | 635 | — | |
| Total available-for-sale debt securities | 3,505 | 3 | 96 | 537 | 5 | (1,334) | 2,812 | (11) | (6) |
| Mortgage loans held for sale | 985 | (20) | — | (41) | 116 | (8) | 1,032 | (21) | (7) |
| Loans held for sale | — | — | — | (3) | 34 | — | 31 | — | |
| Loans | 758 | (6) | — | (342) | — | — | 410 | (9) | (7) |
| Mortgage servicing rights (residential) (8) | 12,959 | (1,795) | — | 2,174 | — | — | 13,338 | (328) | (7) |
| Net derivative assets and liabilities: | | | | | | | | | |
| Interest rate contracts | 121 | 625 | — | (632) | — | — | 114 | (10) | |
| Commodity contracts | 23 | (14) | — | 3 | 2 | (2) | 12 | 9 | |
| Equity contracts | (267) | (128) | — | (70) | (39) | (87) | (591) | (223) | |
| Foreign exchange contracts | 12 | (5) | — | — | — | — | 7 | (1) | |
| Credit contracts | 77 | 29 | — | (53) | — | — | 53 | (42) | |
| Other derivative contracts | (47) | 22 | — | (1) | — | — | (26) | 22 | |
| Total derivative contracts | (81) | 529 | — | (753) | (37) | (89) | (431) | (245) | (9) |
| Equity securities: | | | | | | | | | |
| Marketable | — | — | — | — | — | — | — | — | |
| Nonmarketable | 3,259 | 1,214 | — | (1) | 1 | — | 4,473 | 1,215 | |
| Total equity securities | 3,259 | 1,214 | — | (1) | 1 | — | 4,473 | 1,215 | (10) |
| Short sale liabilities | — | — | — | (3) | — | — | (3) | — | (5) |
| Other liabilities | (4) | 1 | — | — | — | — | (3) | — | (7) |

(1) See Table 15.10 for detail.
(2) All assets and liabilities transferred into level 3 were previously classified within level 2.
(3) All assets and liabilities transferred out of level 3 are classified as level 2.
(4) Represents only net gains (losses) that are due to changes in economic conditions and management's estimates of fair value and excludes changes due to the collection/realization of cash flows over time.
(5) Included in net gains (losses) from trading activities in the income statement.
(6) Included in net gains (losses) from debt securities in the income statement.
(7) Included in mortgage banking and other noninterest income in the income statement.
(8) For more information on the changes in mortgage servicing rights, see Note 10 (Mortgage Banking Activities).
(9) Included in mortgage banking, trading activities, equity securities and other noninterest income in the income statement.
(10) Included in net gains (losses) from equity securities in the income statement.

*(continued on following page)*

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Table 15.10 presents gross purchases, sales, issuances and settlements related to the changes in Level 3 assets and liabilities measured at fair value on a recurring basis for the first nine months of 2017.

**Table 15.10: Gross Purchases, Sales, Issuances and Settlements – Level 3 – Nine months ended September 30, 2017**

| (in millions) | Purchases | Sales | Issuances | Settlements | Net |
|---|---|---|---|---|---|
| Nine months ended September 30, 2017 | | | | | |
| Trading debt securities: | | | | | |
| Securities of U.S. states and political subdivisions | $ 37 | (36) | — | (1) | — |
| Collateralized loan obligations | 337 | (165) | — | (95) | 77 |
| Corporate debt securities | 18 | (23) | — | — | (5) |
| Mortgage-backed securities | — | — | — | — | — |
| Asset-backed securities | — | — | — | — | — |
| Other trading debt securities | — | — | — | — | — |
| Total trading debt securities | 392 | (224) | — | (96) | 72 |
| Available-for-sale debt securities: | | | | | |
| Securities of U.S. states and political subdivisions | — | (68) | 1,099 | (147) | 884 |
| Mortgage-backed securities: | | | | | |
| Residential | — | — | — | — | — |
| Commercial | — | — | — | (9) | (9) |
| Total mortgage-backed securities | — | — | — | (9) | (9) |
| Corporate debt securities | 4 | — | — | (57) | (53) |
| Collateralized loan and other debt obligations | 135 | — | — | (87) | 48 |
| Asset-backed securities: | | | | | |
| Automobile loans and leases | — | — | — | — | — |
| Other asset-backed securities | — | — | 198 | (531) | (333) |
| Total asset-backed securities | — | — | 198 | (531) | (333) |
| Total available-for-sale debt securities | 139 | (68) | 1,297 | (831) | 537 |
| Mortgage loans held for sale | 57 | (374) | 386 | (110) | (41) |
| Loans held for sale | — | (1) | — | (2) | (3) |
| Loans | 5 | (129) | 14 | (232) | (342) |
| Mortgage servicing rights (residential) (1) | 541 | 9 | 1,624 | — | 2,174 |
| Net derivative assets and liabilities: | | | | | |
| Interest rate contracts | — | — | — | (632) | (632) |
| Commodity contracts | — | — | — | 3 | 3 |
| Equity contracts | — | (117) | — | 47 | (70) |
| Foreign exchange contracts | — | — | — | — | — |
| Credit contracts | 5 | (2) | — | (56) | (53) |
| Other derivative contracts | — | — | — | (1) | (1) |
| Total derivative contracts | 5 | (119) | — | (639) | (753) |
| Equity securities: | | | | | |
| Marketable | — | — | — | — | — |
| Nonmarketable | — | (1) | — | — | (1) |
| Total equity securities | — | (1) | — | — | (1) |
| Short sale liabilities | — | (3) | — | — | (3) |
| Other liabilities | — | — | — | — | — |

(1) For more information on the changes in mortgage servicing rights, see Note 10 (Mortgage Banking Activities).

Table 15.11 and Table 15.12 provide quantitative information about the valuation techniques and significant unobservable inputs used in the valuation of substantially all of our Level 3 assets and liabilities measured at fair value on a recurring basis for which we use an internal model.

The significant unobservable inputs for Level 3 assets and liabilities that are valued using fair values obtained from third party vendors are not included in the table, as the specific inputs applied are not provided by the vendor. In addition, the table excludes the valuation techniques and significant unobservable inputs for certain classes of Level 3 assets and liabilities measured using an internal model that we consider, both individually and in the aggregate, insignificant relative to our overall Level 3 assets and liabilities. We made this determination based upon an evaluation of each class, which considered the magnitude of the positions, nature of the unobservable inputs and potential for significant changes in fair value due to changes in those inputs. For information on how changes in significant unobservable inputs affect the fair values of Level 3 assets and liabilities, see Note 17 (Fair Values of Assets and Liabilities) to Financial Statements in our 2017 Form 10-K.

**Table 15.11: Valuation Techniques – Recurring Basis – September 30, 2018**

| ($ in millions, except cost to service amounts) | Fair Value Level 3 | | Valuation Technique(s) | Significant Unobservable Input | Range of Inputs | | | | Weighted Average (1) |
|---|---|---|---|---|---|---|---|---|---|
| **September 30, 2018** | | | | | | | | | |
| Trading and available-for-sale debt securities: | | | | | | | | | |
| Securities of U.S. states and political subdivisions: | | | | | | | | | |
| Government, healthcare and other revenue bonds | $ 549 | | Discounted cash flow | Discount rate | 2.2 | - | 6.3 | % | 3.1 |
| Other municipal bonds | 9 | | Discounted cash flow | Discount rate | 5.2 | - | 5.2 | | 5.2 |
| | 40 | | Vendor priced | | | | | | |
| Collateralized loan and other debt obligations (2) | 263 | | Market comparable pricing | Comparability adjustment | (12.0) | - | 17.8 | | 2.3 |
| | 843 | | Vendor priced | | | | | | |
| Asset-backed securities: | | | | | | | | | |
| Diversified payment rights (3) | 176 | | Discounted cash flow | Discount rate | 2.9 | - | 8.3 | | 4.9 |
| Other commercial and consumer | 200 | (4) | Discounted cash flow | Discount rate | 4.4 | - | 5.9 | | 4.6 |
| | | | | Weighted average life | 1.3 | - | 1.6 | yrs | 1.4 |
| | 26 | | Vendor priced | | | | | | |
| Mortgage loans held for sale (residential) | 962 | | Discounted cash flow | Default rate | 0.0 | - | 8.6 | % | 0.9 |
| | | | | Discount rate | 1.1 | - | 7.2 | | 5.9 |
| | | | | Loss severity | 0.0 | - | 45.2 | | 25.0 |
| | | | | Prepayment rate | 2.8 | - | 12.8 | | 5.0 |
| | 18 | | Market comparable pricing | Comparability adjustment | (56.3) | - | (6.3) | | (38.1) |
| Loans | 286 | (5) | Discounted cash flow | Discount rate | 3.4 | - | 7.4 | | 4.2 |
| | | | | Prepayment rate | 3.8 | - | 100.0 | | 89.1 |
| | | | | Loss severity | 0.0 | - | 33.6 | | 9.3 |
| Mortgage servicing rights (residential) | 15,980 | | Discounted cash flow | Cost to service per loan (6) | $ 77 | - | 517 | | 129 |
| | | | | Discount rate | 7.0 | - | 13.1 | % | 7.2 |
| | | | | Prepayment rate (7) | 7.9 | - | 20.3 | | 9.0 |
| Net derivative assets and (liabilities): | | | | | | | | | |
| Interest rate contracts | (101) | | Discounted cash flow | Default rate | 0.1 | - | 5.0 | | 2.2 |
| | | | | Loss severity | 50.0 | - | 50.0 | | 50.0 |
| | | | | Prepayment rate | 2.8 | - | 25.0 | | 11.8 |
| Interest rate contracts: derivative loan commitments | (7) | | Discounted cash flow | Fall-out factor | 1.0 | - | 99.0 | | 13.9 |
| | | | | Initial-value servicing | (40.3) | - | 79.3 | bps | 15.1 |
| Equity contracts | 129 | | Discounted cash flow | Conversion factor | (9.2) | - | 0.0 | % | (7.7) |
| | | | | Weighted average life | 0.8 | - | 2.3 | yrs | 1.6 |
| | (403) | | Option model | Correlation factor | (77.0) | - | 99.0 | % | 18.3 |
| | | | | Volatility factor | 6.5 | - | 100.0 | | 21.6 |
| Credit contracts | (2) | | Market comparable pricing | Comparability adjustment | (16.2) | - | 37.1 | | 1.6 |
| | 29 | | Option model | Credit spread | 0.0 | - | 9.2 | | 0.6 |
| | | | | Loss severity | 13.0 | - | 60.0 | | 48.3 |
| Nonmarketable equity securities | 9 | | Discounted cash flow | Discount rate | 10.0 | - | 10.0 | | 10.0 |
| | | | | Volatility Factor | 2.3 | - | 3.1 | | 2.5 |
| | 6,273 | | Market comparable pricing | Comparability adjustment | (21.1) | - | (6.5) | | (14.9) |
| | 46 | | Vendor priced | | | | | | |
| Insignificant Level 3 assets, net of liabilities | 541 | (8) | | | | | | | |
| Total level 3 assets, net of liabilities | $ 25,866 | (9) | | | | | | | |

(1) Weighted averages are calculated using outstanding unpaid principal balance for cash instruments, such as loans and securities, and notional amounts for derivative instruments.
(2) Includes $843 million of collateralized debt obligations.
(3) Securities backed by specified sources of current and future receivables generated from foreign originators.
(4) A significant portion of the balance consists of investments in asset-backed securities that are revolving in nature, for which the timing of advances and repayments of principal are uncertain.
(5) Consists of reverse mortgage loans.
(6) The high end of the range of inputs is for servicing modified loans. For non-modified loans the range is $77 - $235.
(7) Includes a blend of prepayment speeds and expected defaults. Prepayment speeds are influenced by mortgage interest rates as well as our estimation of drivers of borrower behavior.
(8) Represents the aggregate amount of Level 3 assets and liabilities measured at fair value on a recurring basis that are individually and in the aggregate insignificant. The amount includes corporate debt securities, mortgage-backed securities, other trading positions, other liabilities and certain net derivative assets and liabilities, such as commodity contracts, foreign exchange contracts, and other derivative contracts.
(9) Consists of total Level 3 assets of $27.9 billion and total Level 3 liabilities of $2.0 billion, before netting of derivative balances.

**Table 15.12: Valuation Techniques – Recurring Basis –December 31, 2017**

| ($ in millions, except cost to service amounts) | Fair Value Level 3 | | Valuation Technique(s) | Significant Unobservable Input | Range of Inputs | | | | Weighted Average (1) |
|---|---|---|---|---|---|---|---|---|---|
| December 31, 2017 | | | | | | | | | |
| Trading and available-for-sale debt securities: | | | | | | | | | |
| Securities of U.S. states and political subdivisions: | | | | | | | | | |
| Government, healthcare and other revenue bonds | $ 868 | | Discounted cash flow | Discount rate | 1.7 | - | 5.8 | % | 2.7 |
| Other municipal bonds | 11 | | Discounted cash flow | Discount rate | 4.7 | - | 4.9 | | 4.8 |
| | 49 | | Vendor priced | | | | | | |
| Collateralized loan and other debt obligations (2) | 354 | | Market comparable pricing | Comparability adjustment | (22.0) | - | 19.5 | | 3.0 |
| | 1,020 | | Vendor priced | | | | | | |
| Asset-backed securities: | | | | | | | | | |
| Diversified payment rights (3) | 292 | | Discounted cash flow | Discount rate | 2.4 | - | 3.9 | | 3.1 |
| Other commercial and consumer | 248 | (4) | Discounted cash flow | Discount rate | 3.7 | - | 5.2 | | 3.9 |
| | | | | Weighted average life | 2.0 | - | 2.3 | yrs | 2.1 |
| | 26 | | Vendor priced | | | | | | |
| Mortgage loans held for sale (residential) | 974 | | Discounted cash flow | Default rate | 0.0 | - | 7.1 | % | 1.3 |
| | | | | Discount rate | 2.6 | - | 7.3 | | 5.6 |
| | | | | Loss severity | 0.1 | - | 41.4 | | 19.6 |
| | | | | Prepayment rate | 6.5 | - | 15.9 | | 9.1 |
| | 24 | | Market comparable pricing | Comparability adjustment | (56.3) | - | (6.3) | | (42.7) |
| Loans | 376 | (5) | Discounted cash flow | Discount rate | 3.1 | - | 7.5 | | 4.2 |
| | | | | Prepayment rate | 8.7 | - | 100.0 | | 91.9 |
| | | | | Loss severity | 0.0 | - | 33.9 | | 6.6 |
| Mortgage servicing rights (residential) | 13,625 | | Discounted cash flow | Cost to service per loan (6) | $ 78 | - | 587 | | 143 |
| | | | | Discount rate | 6.6 | - | 12.9 | % | 6.9 |
| | | | | Prepayment rate (7) | 9.7 | - | 20.5 | | 10.5 |
| Net derivative assets and (liabilities): | | | | | | | | | |
| Interest rate contracts | 54 | | Discounted cash flow | Default rate | 0.0 | - | 5.0 | | 2.1 |
| | | | | Loss severity | 50.0 | - | 50.0 | | 50.0 |
| | | | | Prepayment rate | 2.8 | - | 12.5 | | 10.5 |
| Interest rate contracts: derivative loan commitments | 17 | | Discounted cash flow | Fall-out factor | 1.0 | - | 99.0 | | 15.2 |
| | | | | Initial-value servicing | (59.9) | - | 101.1 | bps | 2.7 |
| Equity contracts | 102 | | Discounted cash flow | Conversion factor | (9.7) | - | 0.0 | % | (7.6) |
| | | | | Weighted average life | 0.5 | - | 3.0 | yrs | 1.6 |
| | (613) | | Option model | Correlation factor | (77.0) | - | 98.0 | % | 24.2 |
| | | | | Volatility factor | 5.7 | - | 95.5 | | 19.2 |
| Credit contracts | (3) | | Market comparable pricing | Comparability adjustment | (29.9) | - | 17.3 | | (0.2) |
| | 39 | | Option model | Credit spread | 0.0 | - | 63.7 | | 1.3 |
| | | | | Loss severity | 13.0 | - | 60.0 | | 50.7 |
| Nonmarketable equity securities | 8 | | Discounted cash flow | Discount rate | 10.0 | - | 10.0 | | 10.0 |
| | | | | Volatility Factor | 0.5 | - | 1.9 | | 1.4 |
| | 4,813 | | Market comparable pricing | Comparability adjustment | (21.1) | - | (5.5) | | (15.0) |
| | | | | | | | | | |
| Insignificant Level 3 assets, net of liabilities | 570 | (8) | | | | | | | |
| Total level 3 assets, net of liabilities | $ 22,854 | (9) | | | | | | | |

(1) Weighted averages are calculated using outstanding unpaid principal balance for cash instruments, such as loans and securities, and notional amounts for derivative instruments.
(2) Includes $1.0 billion of collateralized debt obligations.
(3) Securities backed by specified sources of current and future receivables generated from foreign originators.
(4) A significant portion of the balance consists of investments in asset-backed securities that are revolving in nature, for which the timing of advances and repayments of principal are uncertain.
(5) Consists of reverse mortgage loans.
(6) The high end of the range of inputs is for servicing modified loans. For non-modified loans the range is $78 - $252.
(7) Includes a blend of prepayment speeds and expected defaults. Prepayment speeds are influenced by mortgage interest rates as well as our estimation of drivers of borrower behavior.
(8) Represents the aggregate amount of Level 3 assets and liabilities measured at fair value on a recurring basis that are individually and in the aggregate insignificant. The amount includes corporate debt securities, mortgage-backed securities, other trading positions, other liabilities and certain net derivative assets and liabilities, such as commodity contracts, foreign exchange contracts, and other derivative contracts.
(9) Consists of total Level 3 assets of $24.9 billion and total Level 3 liabilities of $2.0 billion, before netting of derivative balances.

The valuation techniques used for our Level 3 assets and liabilities, as presented in the previous tables, are described as follows:

- Discounted cash flow – Discounted cash flow valuation techniques generally consist of developing an estimate of future cash flows that are expected to occur over the life of an instrument and then discounting those cash flows at a rate of return that results in the fair value amount.
- Market comparable pricing – Market comparable pricing valuation techniques are used to determine the fair value of certain instruments by incorporating known inputs, such as recent transaction prices, pending transactions, or prices of other similar investments that require significant adjustment to reflect differences in instrument characteristics.
- Option model – Option model valuation techniques are generally used for instruments in which the holder has a contingent right or obligation based on the occurrence of a future event, such as the price of a referenced asset going above or below a predetermined strike price. Option models estimate the likelihood of the specified event occurring by incorporating assumptions such as volatility estimates, price of the underlying instrument and expected rate of return.
- Vendor-priced – Prices obtained from third party pricing vendors or brokers that are used to record the fair value of the asset or liability for which the related valuation technique and significant unobservable inputs are not provided.

Significant unobservable inputs presented in the previous tables are those we consider significant to the fair value of the Level 3 asset or liability. We consider unobservable inputs to be significant if by their exclusion the fair value of the Level 3 asset or liability would be impacted by a predetermined percentage change. We also consider qualitative factors, such as nature of the instrument, type of valuation technique used, and the significance of the unobservable inputs relative to other inputs used within the valuation. Following is a description of the significant unobservable inputs provided in the table.

- Comparability adjustment – is an adjustment made to observed market data, such as a transaction price in order to reflect dissimilarities in underlying collateral, issuer, rating, or other factors used within a market valuation approach, expressed as a percentage of an observed price.
- Conversion Factor – is the risk-adjusted rate in which a particular instrument may be exchanged for another instrument upon settlement, expressed as a percentage change from a specified rate.
- Correlation factor – is the likelihood of one instrument changing in price relative to another based on an established relationship expressed as a percentage of relative change in price over a period over time.
- Cost to service – is the expected cost per loan of servicing a portfolio of loans, which includes estimates for unreimbursed expenses (including delinquency and foreclosure costs) that may occur as a result of servicing such loan portfolios.
- Credit spread – is the portion of the interest rate in excess of a benchmark interest rate, such as Overnight Index Swap (OIS), LIBOR or U.S. Treasury rates, that when applied to an investment captures changes in the obligor's creditworthiness.
- Default rate – is an estimate of the likelihood of not collecting contractual amounts owed expressed as a constant default rate (CDR).
- Discount rate – is a rate of return used to calculate the present value of the future expected cash flow to arrive at the fair value of an instrument. The discount rate consists of a benchmark rate component and a risk premium component. The benchmark rate component, for example, OIS, LIBOR or U.S. Treasury rates, is generally observable within the market and is necessary to appropriately reflect the time value of money. The risk premium component reflects the amount of compensation market participants require due to the uncertainty inherent in the instruments' cash flows resulting from risks such as credit and liquidity.
- Fall-out factor – is the expected percentage of loans associated with our interest rate lock commitment portfolio that are likely of not funding.
- Initial-value servicing – is the estimated value of the underlying loan, including the value attributable to the embedded servicing right, expressed in basis points of outstanding unpaid principal balance.
- Loss severity – is the estimated percentage of contractual cash flows lost in the event of a default.
- Prepayment rate – is the estimated rate at which forecasted prepayments of principal of the related loan or debt instrument are expected to occur, expressed as a constant prepayment rate (CPR).
- Volatility factor – is the extent of change in price an item is estimated to fluctuate over a specified period of time expressed as a percentage of relative change in price over a period over time.
- Weighted average life – is the weighted average number of years an investment is expected to remain outstanding based on its expected cash flows reflecting the estimated date the issuer will call or extend the maturity of the instrument or otherwise reflecting an estimate of the timing of an instrument's cash flows whose timing is not contractually fixed.

## Assets and Liabilities Recorded at Fair Value on a Nonrecurring Basis

We may be required, from time to time, to measure certain assets at fair value on a nonrecurring basis in accordance with GAAP. These adjustments to fair value usually result from application of LOCOM accounting, write-downs of individual assets or commencing in 2018 with adoption of ASU 2016-01, use of the measurement alternative for nonmarketable equity securities. Table 15.13 provides the fair value hierarchy and fair value at the date of the nonrecurring fair value adjustment for all assets that were still held as of September 30, 2018, and December 31, 2017, and for which a nonrecurring fair value adjustment was recorded during the nine months ended September 30, 2018 and year ended December 31, 2017.

**Table 15.13: Fair Value on a Nonrecurring Basis**

| | September 30, 2018 | | | | December 31, 2017 | | | |
|---|---|---|---|---|---|---|---|---|
| (in millions) | **Level 1** | **Level 2** | **Level 3** | **Total** | Level 1 | Level 2 | Level 3 | Total |
| Mortgage loans held for sale (LOCOM) (1) | **$ —** | **1,641** | **1,252** | **2,893** | — | 1,646 | 1,333 | 2,979 |
| Loans held for sale | **—** | **334** | **—** | **334** | — | 108 | — | 108 |
| Loans: | | | | | | | | |
| Commercial | **—** | **313** | **—** | **313** | — | 374 | — | 374 |
| Consumer | **—** | **295** | **1** | **296** | — | 502 | 10 | 512 |
| Total loans (2) | **—** | **608** | **1** | **609** | — | 876 | 10 | 886 |
| Nonmarketable equity securities (3) | **—** | **613** | **212** | **825** | — | — | 136 | 136 |
| Other assets (4) | **—** | **183** | **6** | **189** | — | 177 | 161 | 338 |
| Total assets at fair value on a nonrecurring basis (5) | **$ —** | **3,379** | **1,471** | **4,850** | — | 2,807 | 1,640 | 4,447 |

(1) Consists of commercial mortgages and residential real estate 1-4 family first mortgage loans.
(2) Represents the carrying value of loans for which nonrecurring adjustments are based on the appraised value of the collateral.
(3) Consists of certain nonmarketable equity securities that are measured at fair value on a nonrecurring basis, including observable price adjustments for nonmarketable equity securities carried under the measurement alternative.
(4) Includes the fair value of foreclosed real estate, other collateral owned and operating lease assets.
(5) Prior period balances exclude $6 million of nonmarketable equity securities at NAV.

Table 15.14 presents the increase (decrease) in value of certain assets held at the end of the respective reporting periods presented for which a nonrecurring fair value adjustment was recognized during the periods presented.

**Table 15.14: Change in Value of Assets with Nonrecurring Fair Value Adjustment**

| | Nine months ended Sep 30, | |
|---|---|---|
| (in millions) | **2018** | 2017 |
| Mortgage loans held for sale (LOCOM) | **$ 7** | 23 |
| Loans held for sale | **(46)** | (1) |
| Loans: | | |
| Commercial | **(175)** | (286) |
| Consumer | **(241)** | (371) |
| Total loans (1) | **(416)** | (657) |
| Nonmarketable equity securities (2) | **206** | (108) |
| Other assets (3) | **(36)** | (71) |
| Total | **$ (285)** | (814) |

(1) Represents write-downs of loans based on the appraised value of the collateral.
(2) Includes impairment losses and observable price adjustments for certain nonmarketable equity securities.
(3) Includes the losses on foreclosed real estate and other collateral owned that were measured at fair value subsequent to their initial classification as foreclosed assets.

Table 15.15 provides quantitative information about the valuation techniques and significant unobservable inputs used in the valuation of substantially all of our Level 3 assets that are measured at fair value on a nonrecurring basis using an internal model. The table is limited to financial instruments that had nonrecurring fair value adjustments during the periods presented.

We have excluded from the table valuation techniques and significant unobservable inputs for certain classes of Level 3 assets measured using an internal model that we consider, both individually and in the aggregate, insignificant relative to our overall Level 3 nonrecurring measurements. We made this determination based upon an evaluation of each class that considered the magnitude of the positions, nature of the unobservable inputs and potential for significant changes in fair value due to changes in those inputs.

**Table 15.15: Valuation Techniques – Nonrecurring Basis**

| ($ in millions) | Fair Value Level 3 | | Valuation Technique(s) (1) | Significant Unobservable Inputs (1) | | Range of inputs | Weighted Average (2) |
|---|---|---|---|---|---|---|---|
| **September 30, 2018** | | | | | | | |
| **Residential mortgage loans held for sale (LOCOM)** | **$ 1,252** | **(3)** | **Discounted cash flow** | **Default rate** | **(4)** | **0.2 — 2.4%** | **1.3%** |
| | | | | **Discount rate** | | **1.5 — 8.5** | **4.0** |
| | | | | **Loss severity** | | **0.6 — 63.0** | **1.9** |
| | | | | **Prepayment rate** | **(5)** | **4.6 — 100.0** | **47.4** |
| **Nonmarketable equity securities** | **12** | | **Discounted cash flow** | **Discount rate** | | **5.0 — 10.5** | **7.3** |
| **Insignificant level 3 assets** | **207** | | | | | | |
| **Total** | **$ 1,471** | | | | | | |
| December 31, 2017 | | | | | | | |
| Residential mortgage loans held for sale (LOCOM) | $ 1,333 | (3) | Discounted cash flow | Default rate | (4) | 0.1 — 4.1 % | 1.7 % |
| | | | | Discount rate | | 1.5 — 8.5 | 3.8 |
| | | | | Loss severity | | 0.7 — 52.9 | 2.2 |
| | | | | Prepayment rate | (5) | 5.4 — 100.0 | 50.6 |
| Nonmarketable equity securities | 122 | | Discounted cash flow | Discount rate | | 5.0 — 10.5 | 10.2 |
| Insignificant level 3 assets | 185 | | | | | | |
| Total | $ 1,640 | | | | | | |

(1) Refer to the narrative following Table 15.12 for a definition of the valuation technique(s) and significant unobservable inputs.
(2) For residential MLHFS, weighted averages are calculated using the outstanding unpaid principal balance of the loans.
(3) Consists of approximately $1.2 billion and $1.3 billion of government insured/guaranteed loans purchased from GNMA-guaranteed mortgage securitizations at September 30, 2018, and December 31, 2017, respectively, and $26 million of other mortgage loans that are not government insured/guaranteed at both dates.
(4) Applies only to non-government insured/guaranteed loans.
(5) Includes the impact on prepayment rate of expected defaults for government insured/guaranteed loans, which impact the frequency and timing of early resolution of loans.

## Fair Value Option

The fair value option is an irrevocable election, generally only permitted upon initial recognition of financial assets or liabilities, to measure eligible financial instruments at fair value with changes in fair value reflected in earnings. We may elect the fair value option to align the measurement model with how the financial assets or liabilities are managed or to reduce complexity or accounting asymmetry. For more information, including the basis for our fair value option elections, see Note 17 (Fair Values of Assets and Liabilities) to Financial Statements in our 2017 Form 10-K.

Table 15.16 reflects differences between the fair value carrying amount of the assets for which we have elected the fair value option and the contractual aggregate unpaid principal amount at maturity.

**Table 15.16: Fair Value Option**

| | September 30, 2018 | | | December 31, 2017 | | |
|---|---|---|---|---|---|---|
| (in millions) | **Fair value carrying amount** | **Aggregate unpaid principal** | **Fair value carrying amount less aggregate unpaid principal** | Fair value carrying amount | Aggregate unpaid principal | Fair value carrying amount less aggregate unpaid principal |
| Mortgage loans held for sale: | | | | | | |
| Total loans | **$ 13,885** | **13,808** | **77** | 16,116 | 15,827 | 289 |
| Nonaccrual loans | **122** | **158** | **(36)** | 127 | 165 | (38) |
| Loans 90 days or more past due and still accruing | **8** | **11** | **(3)** | 16 | 21 | (5) |
| Loans held for sale: | | | | | | |
| Total loans | **1,266** | **1,301** | **(35)** | 1,023 | 1,075 | (52) |
| Nonaccrual loans | **33** | **47** | **(14)** | 34 | 56 | (22) |
| Loans: | | | | | | |
| Total loans | **286** | **318** | **(32)** | 376 | 404 | (28) |
| Nonaccrual loans | **206** | **238** | **(32)** | 253 | 281 | (28) |
| Equity securities (1) | **6,313** | **N/A** | **N/A** | 4,867 | N/A | N/A |

(1) Consists of nonmarketable equity securities carried at fair value.

The assets accounted for under the fair value option are initially measured at fair value. Gains and losses from initial measurement and subsequent changes in fair value are recognized in earnings. The changes in fair value related to initial measurement and subsequent changes in fair value included in earnings for these assets measured at fair value are shown in Table 15.17 by income statement line item.

**Table 15.17: Fair Value Option – Changes in Fair Value Included in Earnings**

| | 2018 | | | | 2017 | | | |
|---|---|---|---|---|---|---|---|---|
| (in millions) | **Mortgage banking noninterest income** | **Net gains (losses) from trading activities** | **Net gains from equity securities** | **Other noninterest income** | Mortgage banking noninterest income | Net gains (losses) from trading activities | Net gains from equity securities | Other noninterest income |
| **Quarter ended Sep 30,** | | | | | | | | |
| Mortgage loans held for sale | **$ 183** | **—** | **—** | **—** | 400 | — | — | — |
| Loans held for sale | **—** | **3** | **—** | **1** | — | 6 | — | — |
| Loans | **—** | **—** | **—** | **—** | — | — | — | — |
| Equity securities | **—** | **—** | **798** | **—** | — | — | 522 | — |
| Other interests held (1) | **—** | **—** | **—** | **—** | — | (1) | — | — |
| **Nine months ended Sep 30,** | | | | | | | | |
| Mortgage loans held for sale | **$ 238** | **—** | **—** | **—** | 967 | — | — | — |
| Loans held for sale | **—** | **18** | **—** | **1** | — | 42 | — | 1 |
| Loans | **—** | **—** | **—** | **(1)** | — | — | — | — |
| Equity securities | **—** | **—** | **1,492** | **—** | — | — | 1,233 | — |
| Other interests held (1) | **—** | **(2)** | **—** | **—** | — | (5) | — | — |

(1) Includes retained interests in securitizations.

For performing loans, instrument-specific credit risk gains or losses were derived principally by determining the change in fair value of the loans due to changes in the observable or implied credit spread. Credit spread is the market yield on the loans less the relevant risk-free benchmark interest rate. For nonperforming loans, we attribute all changes in fair value to instrument-specific credit risk. Table 15.18 shows the estimated gains and losses from earnings attributable to instrument-specific credit risk related to assets accounted for under the fair value option.

**Table 15.18: Fair Value Option – Gains/Losses Attributable to Instrument-Specific Credit Risk**

| | Quarter ended September 30, | | Nine months ended September 30, | |
|---|---|---|---|---|
| (in millions) | **2018** | 2017 | **2018** | 2017 |
| Gains (losses) attributable to instrument-specific credit risk: | | | | |
| Mortgage loans held for sale | **$ (1)** | (4) | **(2)** | (9) |
| Loans held for sale | **3** | 6 | **18** | 42 |
| Total | **$ 2** | 2 | **16** | 33 |

## Disclosures about Fair Value of Financial Instruments

Table 15.19 is a summary of fair value estimates for financial instruments, excluding financial instruments recorded at fair value on a recurring basis, as they are included within Table 15.2 in this Note. In connection with the adoption of ASU 2016-01 in first quarter 2018, the valuation methodologies for estimating the fair value of financial instruments in Table 15.19 have been changed, where necessary, to conform with an exit price notion. Under an exit price notion, fair value estimates are based upon the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the balance sheet date. For certain loans and deposit liabilities, the estimated fair values prior to adoption of ASU 2016-01 followed an entrance price notion that based fair values on recent prices offered to customers for loans and deposits with similar characteristics. The carrying amounts in the following table are recorded on the balance sheet under the indicated captions.

We have not included assets and liabilities that are not financial instruments in our disclosure, such as the value of the long-term relationships with our deposit, credit card and trust customers, amortized MSRs, premises and equipment, goodwill and other intangibles, deferred taxes and other liabilities.

The total of the fair value calculations presented does not represent, and should not be construed to represent, the underlying value of the Company.

**Table 15.19: Fair Value Estimates for Financial Instruments**

| (in millions) | Carrying amount | Estimated fair value Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|---|
| **September 30, 2018** | | | | | |
| **Financial assets** | | | | | |
| **Cash and due from banks (1)** | **$ 18,791** | **18,791** | **—** | **—** | **18,791** |
| **Interest-earning deposits with banks (1)** | **140,732** | **140,566** | **166** | **—** | **140,732** |
| **Federal funds sold and securities purchased under resale agreements (1)** | **83,471** | **—** | **83,471** | **—** | **83,471** |
| **Held-to-maturity debt securities** | **144,131** | **43,668** | **94,881** | **487** | **139,036** |
| **Mortgage loans held for sale** | **5,340** | **—** | **4,098** | **1,252** | **5,350** |
| **Loans held for sale** | **499** | **—** | **500** | **—** | **500** |
| **Loans, net (2)(3)** | **912,548** | **—** | **46,272** | **867,348** | **913,620** |
| **Nonmarketable equity securities (cost method) (4)** | **5,467** | **—** | **—** | **5,500** | **5,500** |
| **Total financial assets** | **$ 1,310,979** | **203,025** | **229,388** | **874,587** | **1,307,000** |
| **Financial liabilities** | | | | | |
| **Deposits (3)(5)** | **$ 128,648** | **—** | **107,272** | **21,257** | **128,529** |
| **Short-term borrowings** | **105,451** | **—** | **105,451** | **—** | **105,451** |
| **Long-term debt (6)** | **221,286** | **—** | **222,436** | **1,879** | **224,315** |
| **Total financial liabilities** | **$ 455,385** | **—** | **435,159** | **23,136** | **458,295** |
| December 31, 2017 | | | | | |
| Financial assets | | | | | |
| Cash and due from banks (1) | $ 23,367 | 23,367 | — | — | 23,367 |
| Interest-earning deposits with banks (1) | 192,580 | 192,455 | 125 | — | 192,580 |
| Federal funds sold and securities purchased under resale agreements (1) | 80,025 | 1,002 | 78,954 | 69 | 80,025 |
| Held-to-maturity securities | 139,335 | 44,806 | 93,694 | 485 | 138,985 |
| Mortgage loans held for sale | 3,954 | — | 2,625 | 1,333 | 3,958 |
| Loans held for sale | 108 | — | 108 | — | 108 |
| Loans, net (2)(3) | 926,273 | — | 51,713 | 886,622 | 938,335 |
| Nonmarketable equity securities (cost method) | 7,136 | — | 23 | 7,605 | 7,628 |
| Total financial assets (7) | $ 1,372,778 | 261,630 | 227,242 | 896,114 | 1,384,986 |
| Financial liabilities | | | | | |
| Deposits (3)(5) | $ 128,594 | — | 108,146 | 19,768 | 127,914 |
| Short-term borrowings | 103,256 | — | 103,256 | — | 103,256 |
| Long-term debt (6) | 224,981 | — | 227,109 | 3,159 | 230,268 |
| Total financial liabilities | $ 456,831 | — | 438,511 | 22,927 | 461,438 |

(1) Amounts consist of financial instruments for which carrying value approximates fair value.
(2) Excludes lease financing with a carrying amount of $19.7 billion and $19.4 billion at September 30, 2018, and December 31, 2017, respectively.
(3) In connection with the adoption of ASU 2016-01, the valuation methodologies used to estimate the fair value at September 30, 2018, for a portion of loans and deposit liabilities with a defined or contractual maturity has been changed to conform to an exit price notion. The fair value estimates at December 31, 2017 have not been revised to reflect application of the modified methodology.
(4) Excludes $1.4 billion of nonmarketable equity securities accounted for under the measurement alternative at September 30, 2018, that were accounted for under the cost method in prior periods.
(5) Excludes deposit liabilities with no defined or contractual maturity of $1.1 trillion and $1.2 trillion at September 30, 2018 and December 31, 2017, respectively.
(6) Excludes capital lease obligations under capital leases of $37 million and $39 million at September 30, 2018, and December 31, 2017, respectively.
(7) Excludes $27 million of carrying value and $30 million of fair value relating to nonmarketable equity securities at NAV at December 31, 2017.

Loan commitments, standby letters of credit and commercial and similar letters of credit are not included in the table above. A reasonable estimate of the fair value of these instruments is the carrying value of deferred fees plus the allowance for unfunded credit commitments, which totaled $1.0 billion at both September 30, 2018, and December 31, 2017.

# Note 16: Preferred Stock

We are authorized to issue 20 million shares of preferred stock and 4 million shares of preference stock, both without par value. Preferred shares outstanding rank senior to common shares both as to dividends and liquidation preference but have no general voting rights. We have not issued any preference shares under this authorization. If issued, preference shares would be limited to one vote per share. Our total authorized, issued and outstanding preferred stock is presented in the following two tables along with the Employee Stock Ownership Plan (ESOP) Cumulative Convertible Preferred Stock.

**Table 16.1: Preferred Stock Shares**

| | September 30, 2018 | | December 31, 2017 | |
|---|---|---|---|---|
| | **Liquidation preference per share** | **Shares authorized and designated** | Liquidation preference per share | Shares authorized and designated |
| **DEP Shares** | | | | |
| Dividend Equalization Preferred Shares (DEP) | **$ 10** | **97,000** | $ 10 | 97,000 |
| **Series I** | | | | |
| Floating Class A Preferred Stock (1) | **100,000** | **25,010** | 100,000 | 25,010 |
| **Series J** | | | | |
| 8.00% Non-Cumulative Perpetual Class A Preferred Stock (2) | **—** | **—** | 1,000 | 2,300,000 |
| **Series K** | | | | |
| Floating Non-Cumulative Perpetual Class A Preferred Stock (3) | **1,000** | **3,500,000** | 1,000 | 3,500,000 |
| **Series L** | | | | |
| 7.50% Non-Cumulative Perpetual Convertible Class A Preferred Stock | **1,000** | **4,025,000** | 1,000 | 4,025,000 |
| **Series N** | | | | |
| 5.20% Non-Cumulative Perpetual Class A Preferred Stock | **25,000** | **30,000** | 25,000 | 30,000 |
| **Series O** | | | | |
| 5.125% Non-Cumulative Perpetual Class A Preferred Stock | **25,000** | **27,600** | 25,000 | 27,600 |
| **Series P** | | | | |
| 5.25% Non-Cumulative Perpetual Class A Preferred Stock | **25,000** | **26,400** | 25,000 | 26,400 |
| **Series Q** | | | | |
| 5.85% Fixed-to-Floating Non-Cumulative Perpetual Class A Preferred Stock | **25,000** | **69,000** | 25,000 | 69,000 |
| **Series R** | | | | |
| 6.625% Fixed-to-Floating Non-Cumulative Perpetual Class A Preferred Stock | **25,000** | **34,500** | 25,000 | 34,500 |
| **Series S** | | | | |
| 5.90% Fixed-to-Floating Non-Cumulative Perpetual Class A Preferred Stock | **25,000** | **80,000** | 25,000 | 80,000 |
| **Series T** | | | | |
| 6.00% Non-Cumulative Perpetual Class A Preferred Stock | **25,000** | **32,200** | 25,000 | 32,200 |
| **Series U** | | | | |
| 5.875% Fixed-to-Floating Non-Cumulative Perpetual Class A Preferred Stock | **25,000** | **80,000** | 25,000 | 80,000 |
| **Series V** | | | | |
| 6.00% Non-Cumulative Perpetual Class A Preferred Stock | **25,000** | **40,000** | 25,000 | 40,000 |
| **Series W** | | | | |
| 5.70% Non-Cumulative Perpetual Class A Preferred Stock | **25,000** | **40,000** | 25,000 | 40,000 |
| **Series X** | | | | |
| 5.50% Non-Cumulative Perpetual Class A Preferred Stock | **25,000** | **46,000** | 25,000 | 46,000 |
| **Series Y** | | | | |
| 5.625% Non-Cumulative Perpetual Class A Preferred Stock | **25,000** | **27,600** | 25,000 | 27,600 |
| **ESOP** | | | | |
| Cumulative Convertible Preferred Stock (4) | **—** | **1,674,596** | — | 1,556,104 |
| Total | | **9,854,906** | | 12,036,414 |

(1) Floating rate for Preferred Stock, Series I, is the greater of three-month LIBOR plus 0.93% and 5.56975%.
(2) Preferred Stock, Series J, was redeemed in third quarter 2018.
(3) Effective June 15, 2018, Preferred Stock, Series K, converted from a fixed to a floating coupon rate of three-month LIBOR plus 3.77%.
(4) See the ESOP Cumulative Convertible Preferred Stock section in this Note for additional information about the liquidation preference for the ESOP Cumulative Convertible Preferred Stock.

**Table 16.2: Preferred Stock – Shares Issued and Carrying Value**

| (in millions, except shares) | September 30, 2018 | | | | December 31, 2017 | | | |
|---|---|---|---|---|---|---|---|---|
| | **Shares issued and outstanding** | **Liquidation preference value** | **Carrying value** | **Discount** | Shares issued and outstanding | Liquidation preference value | Carrying value | Discount |
| **DEP Shares** | | | | | | | | |
| Dividend Equalization Preferred Shares (DEP) | **96,546** | **$ —** | **—** | **—** | 96,546 | $ — | — | — |
| **Series I** (1)(2) | | | | | | | | |
| Floating Class A Preferred Stock | **25,010** | **2,501** | **2,501** | **—** | 25,010 | 2,501 | 2,501 | — |
| **Series J** (1)(3) | | | | | | | | |
| 8.00% Non-Cumulative Perpetual Class A Preferred Stock | **—** | **—** | **—** | **—** | 2,150,375 | 2,150 | 1,995 | 155 |
| **Series K** (1)(4) | | | | | | | | |
| Floating Non-Cumulative Perpetual Class A Preferred Stock | **3,352,000** | **3,352** | **2,876** | **476** | 3,352,000 | 3,352 | 2,876 | 476 |
| **Series L** (1) | | | | | | | | |
| 7.50% Non-Cumulative Perpetual Convertible Class A Preferred Stock | **3,968,000** | **3,968** | **3,200** | **768** | 3,968,000 | 3,968 | 3,200 | 768 |
| **Series N** (1) | | | | | | | | |
| 5.20% Non-Cumulative Perpetual Class A Preferred Stock | **30,000** | **750** | **750** | **—** | 30,000 | 750 | 750 | — |
| **Series O** (1) | | | | | | | | |
| 5.125% Non-Cumulative Perpetual Class A Preferred Stock | **26,000** | **650** | **650** | **—** | 26,000 | 650 | 650 | — |
| **Series P** (1) | | | | | | | | |
| 5.25% Non-Cumulative Perpetual Class A Preferred Stock | **25,000** | **625** | **625** | **—** | 25,000 | 625 | 625 | — |
| **Series Q** (1) | | | | | | | | |
| 5.85% Fixed-to-Floating Non-Cumulative Perpetual Class A Preferred Stock | **69,000** | **1,725** | **1,725** | **—** | 69,000 | 1,725 | 1,725 | — |
| **Series R** (1) | | | | | | | | |
| 6.625% Fixed-to-Floating Non-Cumulative Perpetual Class A Preferred Stock | **33,600** | **840** | **840** | **—** | 33,600 | 840 | 840 | — |
| **Series S** (1) | | | | | | | | |
| 5.90% Fixed-to-Floating Non-Cumulative Perpetual Class A Preferred Stock | **80,000** | **2,000** | **2,000** | **—** | 80,000 | 2,000 | 2,000 | — |
| **Series T** (1) | | | | | | | | |
| 6.00% Non-Cumulative Perpetual Class A Preferred Stock | **32,000** | **800** | **800** | **—** | 32,000 | 800 | 800 | — |
| **Series U** (1) | | | | | | | | |
| 5.875% Fixed-to-Floating Non-Cumulative Perpetual Class A Preferred Stock | **80,000** | **2,000** | **2,000** | **—** | 80,000 | 2,000 | 2,000 | — |
| **Series V** (1) | | | | | | | | |
| 6.00% Non-Cumulative Perpetual Class A Preferred Stock | **40,000** | **1,000** | **1,000** | **—** | 40,000 | 1,000 | 1,000 | — |
| **Series W** (1) | | | | | | | | |
| 5.70% Non-Cumulative Perpetual Class A Preferred Stock | **40,000** | **1,000** | **1,000** | **—** | 40,000 | 1,000 | 1,000 | — |
| **Series X** (1) | | | | | | | | |
| 5.50% Non-Cumulative Perpetual Class A Preferred Stock | **46,000** | **1,150** | **1,150** | **—** | 46,000 | 1,150 | 1,150 | — |
| **Series Y** (1) | | | | | | | | |
| 5.625% Non-Cumulative Perpetual Class A Preferred Stock | **27,600** | **690** | **690** | **—** | 27,600 | 690 | 690 | — |
| **ESOP** | | | | | | | | |
| Cumulative Convertible Preferred Stock | **1,674,596** | **1,675** | **1,675** | **—** | 1,556,104 | 1,556 | 1,556 | — |
| Total | **9,645,352** | **$ 24,726** | **23,482** | **1,244** | 11,677,235 | $ 26,757 | 25,358 | 1,399 |

(1) Preferred shares qualify as Tier 1 capital.
(2) Floating rate for Preferred Stock, Series I, is the greater of three-month LIBOR plus 0.93% and 5.56975%.
(3) Preferred Stock, Series J, was redeemed in third quarter 2018.
(4) Effective June 15, 2018, Preferred Stock, Series K, converted from a fixed to a floating coupon rate of three-month LIBOR plus 3.77%.

See Note 9 (Securitizations and Variable Interest Entities) for additional information on our trust preferred securities.

**ESOP CUMULATIVE CONVERTIBLE PREFERRED STOCK** All shares of our ESOP Cumulative Convertible Preferred Stock (ESOP Preferred Stock) were issued to a trustee acting on behalf of the Wells Fargo & Company 401(k) Plan (the 401(k) Plan). Dividends on the ESOP Preferred Stock are cumulative from the date of initial issuance and are payable quarterly at annual rates based upon the year of issuance. Each share of ESOP Preferred Stock released from the unallocated reserve of the 401(k) Plan is converted into shares of our common stock based on the stated value of the ESOP Preferred Stock and the then current market price of our common stock. The ESOP Preferred Stock is also convertible at the option of the holder at any time, unless previously redeemed. We have the option to redeem the ESOP Preferred Stock at any time, in whole or in part, at a redemption price per share equal to the higher of (a) $1,000 per share plus accrued and unpaid dividends or (b) the fair market value, as defined in the Certificates of Designation for the ESOP Preferred Stock.

**Table 16.3: ESOP Preferred Stock**

| | Shares issued and outstanding | | Carrying value | | Adjustable dividend rate | |
|---|---|---|---|---|---|---|
| (in millions, except shares) | **Sep 30, 2018** | Dec 31, 2017 | **Sep 30, 2018** | Dec 31, 2017 | Minimum | Maximum |
| **ESOP Preferred Stock** | | | | | | |
| **$1,000 liquidation preference per share** | | | | | | |
| 2018 | **605,081** | — | **$ 605** | — | 7.00% | 8.00 |
| 2017 | **222,210** | 273,210 | **222** | 273 | 7.00 | 8.00 |
| 2016 | **233,835** | 322,826 | **234** | 323 | 9.30 | 10.30 |
| 2015 | **144,338** | 187,436 | **144** | 187 | 8.90 | 9.90 |
| 2014 | **174,151** | 237,151 | **174** | 237 | 8.70 | 9.70 |
| 2013 | **133,948** | 201,948 | **134** | 202 | 8.50 | 9.50 |
| 2012 | **77,634** | 128,634 | **78** | 129 | 10.00 | 11.00 |
| 2011 | **61,796** | 129,296 | **62** | 129 | 9.00 | 10.00 |
| 2010 | **21,603** | 75,603 | **22** | 76 | 9.50 | 10.50 |
| Total ESOP Preferred Stock (1) | **1,674,596** | 1,556,104 | **$ 1,675** | 1,556 | | |
| Unearned ESOP shares (2) | | | **$ (1,780)** | (1,678) | | |

(1) At September 30, 2018 and December 31, 2017, additional paid-in capital included $105 million and $122 million, respectively, related to ESOP preferred stock.
(2) We recorded a corresponding charge to unearned ESOP shares in connection with the issuance of the ESOP Preferred Stock. The unearned ESOP shares are reduced as shares of the ESOP Preferred Stock are committed to be released.

# Note 17: Revenue from Contracts with Customers

Our revenue includes net interest income on financial instruments and noninterest income. Table 17.1 presents our revenue by operating segment. The Other segment for each of the tables below includes the elimination of certain items that are included in more than one business segment, most of which represents products and services for WIM customers served through Consumer Banking distribution channels. For additional description of our operating segments, including additional financial information and the underlying management accounting process, see Note 21 (Operating Segments) to Financial Statements in this Report.

**Table 17.1: Revenue by Operating Segment**

| | Quarter ended Sep 30, | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Community Banking | | Wholesale Banking | | Wealth and Investment Management | | Other | | Consolidated Company | |
| (in millions) | **2018** | 2017 | **2018** | 2017 | **2018** | 2017 | **2018** | 2017 | **2018** | 2017 |
| **Net interest income (1)** | **$ 7,338** | 7,154 | **4,726** | 4,763 | **1,102** | 1,177 | **(594)** | (645) | **12,572** | 12,449 |
| **Noninterest income:** | | | | | | | | | | |
| Service charges on deposit accounts | **700** | 739 | **505** | 538 | **3** | 3 | **(4)** | (4) | **1,204** | 1,276 |
| Trust and investment fees: | | | | | | | | | | |
| Brokerage advisory, commissions and other fees | **470** | 461 | **79** | 65 | **2,268** | 2,241 | **(483)** | (463) | **2,334** | 2,304 |
| Trust and investment management | **231** | 225 | **112** | 129 | **727** | 718 | **(235)** | (232) | **835** | 840 |
| Investment banking | **(17)** | (13) | **476** | 479 | **3** | (1) | **—** | — | **462** | 465 |
| Total trust and investment fees | **684** | 673 | **667** | 673 | **2,998** | 2,958 | **(718)** | (695) | **3,631** | 3,609 |
| Card fees | **925** | 909 | **92** | 91 | **1** | 1 | **(1)** | (1) | **1,017** | 1,000 |
| Other fees: | | | | | | | | | | |
| Charges and fees on loans (1) | **65** | 72 | **233** | 246 | **—** | 1 | **—** | (1) | **298** | 318 |
| Cash network fees | **121** | 125 | **—** | 1 | **—** | — | **—** | — | **121** | 126 |
| Commercial real estate brokerage commissions | **—** | 1 | **129** | 119 | **—** | — | **—** | — | **129** | 120 |
| Letters of credit fees (1) | **2** | 1 | **70** | 76 | **1** | 1 | **(1)** | (1) | **72** | 77 |
| Wire transfer and other remittance fees | **67** | 60 | **52** | 52 | **2** | 3 | **(1)** | (1) | **120** | 114 |
| All other fees | **89** | 103 | **20** | 19 | **1** | — | **—** | — | **110** | 122 |
| Total other fees | **344** | 362 | **504** | 513 | **4** | 5 | **(2)** | (3) | **850** | 877 |
| Mortgage banking (1) | **747** | 937 | **101** | 110 | **(3)** | (3) | **1** | 2 | **846** | 1,046 |
| Insurance (1) | **21** | 35 | **76** | 225 | **19** | 21 | **(12)** | (12) | **104** | 269 |
| Net gains (losses) from trading activities (1) | **10** | (58) | **135** | 157 | **13** | 21 | **—** | — | **158** | 120 |
| Net gains (losses) on debt securities (1) | **1** | 169 | **53** | (5) | **3** | 2 | **—** | — | **57** | 166 |
| Net gains from equity securities (1) | **274** | 270 | **50** | 40 | **92** | 53 | **—** | — | **416** | 363 |
| Lease income (1) | **—** | — | **453** | 475 | **—** | — | **—** | — | **453** | 475 |
| Other income of the segment (1) | **772** | 330 | **(58)** | (76) | **(6)** | 18 | **(75)** | (73) | **633** | 199 |
| Total noninterest income | **4,478** | 4,366 | **2,578** | 2,741 | **3,124** | 3,079 | **(811)** | (786) | **9,369** | 9,400 |
| **Revenue** | **$ 11,816** | 11,520 | **7,304** | 7,504 | **4,226** | 4,256 | **(1,405)** | (1,431) | **21,941** | 21,849 |

| | Nine months ended Sep 30, | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Community Banking | | Wholesale Banking | | Wealth and Investment Management | | Other | | Consolidated Company | |
| | **2018** | 2017 | **2018** | 2017 | **2018** | 2017 | **2018** | 2017 | **2018** | 2017 |
| **Net interest income (1)** | **$ 21,879** | 21,419 | **13,951** | 14,253 | **3,325** | 3,489 | **(1,804)** | (1,917) | **37,351** | 37,244 |
| **Noninterest income:** | | | | | | | | | | |
| Service charges on deposit accounts | **1,971** | 2,206 | **1,569** | 1,658 | **12** | 13 | **(12)** | (12) | **3,540** | 3,865 |
| Trust and investment fees: | | | | | | | | | | |
| Brokerage advisory, commissions and other fees | **1,413** | 1,357 | **224** | 231 | **6,896** | 6,741 | **(1,442)** | (1,372) | **7,091** | 6,957 |
| Trust and investment management | **684** | 658 | **335** | 390 | **2,201** | 2,137 | **(700)** | (679) | **2,520** | 2,506 |
| Investment banking | **(27)** | (60) | **1,401** | 1,407 | **4** | (2) | **—** | — | **1,378** | 1,345 |
| Total trust and investment fees | **2,070** | 1,955 | **1,960** | 2,028 | **9,101** | 8,876 | **(2,142)** | (2,051) | **10,989** | 10,808 |
| Card fees | **2,650** | 2,703 | **275** | 260 | **4** | 4 | **(3)** | (3) | **2,926** | 2,964 |
| Other fees: | | | | | | | | | | |
| Charges and fees on loans (1) | **208** | 235 | **695** | 715 | **2** | 3 | **(2)** | (3) | **903** | 950 |
| Cash network fees | **364** | 379 | **3** | 7 | **—** | — | **—** | — | **367** | 386 |
| Commercial real estate brokerage commissions | **—** | 1 | **323** | 302 | **—** | — | **—** | — | **323** | 303 |
| Letters of credit fees (1) | **4** | 4 | **219** | 223 | **3** | 3 | **(3)** | (3) | **223** | 227 |
| Wire transfer and other remittance fees | **197** | 178 | **157** | 151 | **6** | 7 | **(3)** | (3) | **357** | 333 |
| All other fees | **246** | 355 | **75** | 89 | **2** | 1 | **—** | — | **323** | 445 |
| Total other fees | **1,019** | 1,152 | **1,472** | 1,487 | **13** | 14 | **(8)** | (9) | **2,496** | 2,644 |
| Mortgage banking (1) | **2,284** | 3,081 | **269** | 343 | **(8)** | (7) | **5** | 5 | **2,550** | 3,422 |
| Insurance (1) | **65** | 104 | **233** | 695 | **55** | 63 | **(33)** | (36) | **320** | 826 |
| Net gains (losses) from trading activities (1) | **33** | (143) | **514** | 615 | **45** | 71 | **—** | — | **592** | 543 |
| Net gains (losses) on debt securities (1) | **(1)** | 455 | **96** | (135) | **4** | 2 | **—** | — | **99** | 322 |
| Net gains from equity securities (1) | **1,367** | 960 | **232** | 92 | **(105)** | 155 | **—** | — | **1,494** | 1,207 |
| Lease income (1) | **—** | — | **1,351** | 1,449 | **—** | — | **—** | — | **1,351** | 1,449 |
| Other income of the segment (1) | **2,115** | 1,406 | **(142)** | (185) | **(27)** | 59 | **(226)** | (235) | **1,720** | 1,045 |
| Total noninterest income | **13,573** | 13,879 | **7,829** | 8,307 | **9,094** | 9,250 | **(2,419)** | (2,341) | **28,077** | 29,095 |
| **Revenue** | **$ 35,452** | 35,298 | **21,780** | 22,560 | **12,419** | 12,739 | **(4,223)** | (4,258) | **65,428** | 66,339 |

(1) These revenues are not within the scope of ASU 2014-09 – *Revenue from Contracts with Customers*, and additional details are included in other footnotes to our financial statements. The scope explicitly excludes net interest income as well as many other revenues for financial assets and liabilities, including loans, leases, securities, and derivatives.

Following is a discussion of key revenues within the scope of ASU 2014-09 – *Revenue from Contracts with Customers* ("the new revenue guidance"). We provide services to customers which have related performance obligations that we complete to recognize revenue. Our revenues are generally recognized either immediately upon the completion of our service or over time as we perform services. Any services performed over time generally require that we render services each period and therefore we measure our progress in completing these services based upon the passage of time.

**SERVICE CHARGES ON DEPOSIT ACCOUNTS** are earned on depository accounts for commercial and consumer customers and include fees for account and overdraft services. Account charges include fees for periodic account maintenance activities and event-driven services such as stop payment fees. Our obligation for event-driven services is satisfied at the time of the event when the service is delivered, while our obligation for maintenance services is satisfied over the course of each month. Our obligation for overdraft services is satisfied at the time of the overdraft.

Table 17.2 presents our service charges on deposit accounts by operating segment.

**Table 17.2: Service Charges on Deposit Accounts by Operating Segment**

| | Quarter ended Sep 30, | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Community Banking | | Wholesale Banking | | Wealth and Investment Management | | Other | | Consolidated Company | |
| (in millions) | **2018** | 2017 | **2018** | 2017 | **2018** | 2017 | **2018** | 2017 | **2018** | 2017 |
| Overdraft fees | **$ 484** | 503 | **1** | 2 | **—** | — | **—** | — | **485** | 505 |
| Account charges | **216** | 236 | **504** | 536 | **3** | 3 | **(4)** | (4) | **719** | 771 |
| Service charges on deposit accounts | **$ 700** | 739 | **505** | 538 | **3** | 3 | **(4)** | (4) | **1,204** | 1,276 |

| | Nine months ended Sep 30, | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Community Banking | | Wholesale Banking | | Wealth and Investment Management | | Other | | Consolidated Company | |
| (in millions) | **2018** | 2017 | **2018** | 2017 | **2018** | 2017 | **2018** | 2017 | **2018** | 2017 |
| Overdraft fees | **$ 1,312** | 1,471 | **4** | 5 | **1** | 1 | **—** | — | **1,317** | 1,477 |
| Account charges | **659** | 735 | **1,565** | 1,653 | **11** | 12 | **(12)** | (12) | **2,223** | 2,388 |
| Service charges on deposit accounts | **$ 1,971** | 2,206 | **1,569** | 1,658 | **12** | 13 | **(12)** | (12) | **3,540** | 3,865 |

**BROKERAGE ADVISORY, COMMISSIONS AND OTHER FEES** are earned for providing full-service and discount brokerage services predominantly to retail brokerage clients. These revenues include fees earned on asset-based and transactional accounts and other brokerage advisory services.

Asset-based revenues are charged based on the market value of the client's assets. The services and related obligations associated with certain of these revenues, which include investment advice, active management of client assets, or assistance with selecting and engaging a third-party advisory manager, are generally satisfied over a month or quarter. The remaining revenues include trailing commissions which are earned for selling shares to investors. Our obligation associated with earning trailing commissions is satisfied at the time shares are sold. However, these fees are received and recognized over time during the period the customer owns the shares and we remain the broker of record. The amount of trailing commissions is variable based on the length of time the customer holds the shares and on changes in the value of the underlying assets.

Transactional revenues are earned for executing transactions at the client's direction. Our obligation is generally satisfied upon the execution of the transaction and the fees are based on the size and number of transactions executed.

Other revenues earned from other brokerage advisory services include omnibus and networking fees received from mutual fund companies in return for providing record keeping and other administrative services, and annual account maintenance fees charged to customers.

Table 17.3 presents our brokerage advisory, commissions and other fees by operating segment.

**Table 17.3: Brokerage Advisory, Commissions and Other Fees by Operating Segment**

| | Quarter ended Sep 30, | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Community Banking | | Wholesale Banking | | Wealth and Investment Management | | Other | | Consolidated Company | |
| (in millions) | **2018** | 2017 | **2018** | 2017 | **2018** | 2017 | **2018** | 2017 | **2018** | 2017 |
| Asset-based revenue (1) | **$ 371** | 347 | **1** | — | **1,720** | 1,669 | **(372)** | (347) | **1,720** | 1,669 |
| Transactional revenue | **82** | 93 | **19** | 9 | **388** | 421 | **(94)** | (95) | **395** | 428 |
| Other revenue | **17** | 21 | **59** | 56 | **160** | 151 | **(17)** | (21) | **219** | 207 |
| Brokerage advisory, commissions and other fees | **$ 470** | 461 | **79** | 65 | **2,268** | 2,241 | **(483)** | (463) | **2,334** | 2,304 |

| | Nine months ended Sep 30, | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Community Banking | | Wholesale Banking | | Wealth and Investment Management | | Other | | Consolidated Company | |
| (in millions) | **2018** | 2017 | **2018** | 2017 | **2018** | 2017 | **2018** | 2017 | **2018** | 2017 |
| Asset-based revenue (1) | **$ 1,107** | 1,013 | **1** | — | **5,185** | 4,910 | **(1,108)** | (1,012) | **5,185** | 4,911 |
| Transactional revenue | **258** | 287 | **47** | 33 | **1,227** | 1,356 | **(286)** | (303) | **1,246** | 1,373 |
| Other revenue | **48** | 57 | **176** | 198 | **484** | 475 | **(48)** | (57) | **660** | 673 |
| Brokerage advisory, commissions and other fees | **$ 1,413** | 1,357 | **224** | 231 | **6,896** | 6,741 | **(1,442)** | (1,372) | **7,091** | 6,957 |

(1) We earned trailing commissions of $323 million and $975 million in the third quarter and first nine months of 2018, respectively, and $337 million and $1.0 billion for the third quarter and nine months of 2017, respectively.

**TRUST AND INVESTMENT MANAGEMENT FEES** are earned for providing trust, investment management and other related services.

Investment management services include managing and administering assets, including mutual funds, and institutional separate accounts. Fees for these services are generally determined based on a tiered scale relative to the market value of assets under management (AUM). In addition to AUM we have client assets under administration (AUA) that earn various administrative fees which are generally based on the extent of the services provided to administer the account. Services with AUM and AUA-based fees are generally performed over time.

Trust services include acting as a trustee or agent for corporate trust, personal trust, and agency assets. Obligations for trust services are generally satisfied over time, while obligations for activities that are transactional in nature are satisfied at the time of the transaction.

Other related services include the custody and safekeeping of accounts. Our obligation for these services is generally satisfied over time.

Table 17.4 presents our trust and investment management fees by operating segment.

**Table 17.4: Trust and Investment Management Fees by Operating Segment**

| | Quarter ended Sep 30, | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Community Banking | | Wholesale Banking | | Wealth and Investment Management | | Other | | Consolidated Company | |
| (in millions) | **2018** | 2017 | **2018** | 2017 | **2018** | 2017 | **2018** | 2017 | **2018** | 2017 |
| Investment management fees | **$ —** | — | **—** | — | **520** | 508 | **—** | — | **520** | 508 |
| Trust fees | **229** | 224 | **82** | 104 | **181** | 189 | **(235)** | (231) | **257** | 286 |
| Other revenue | **2** | 1 | **30** | 25 | **26** | 21 | **—** | (1) | **58** | 46 |
| Trust and investment management fees | **$ 231** | 225 | **112** | 129 | **727** | 718 | **(235)** | (232) | **835** | 840 |

| | Nine months ended Sep 30, | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Community Banking | | Wholesale Banking | | Wealth and Investment Management | | Other | | Consolidated Company | |
| (in millions) | **2018** | 2017 | **2018** | 2017 | **2018** | 2017 | **2018** | 2017 | **2018** | 2017 |
| Investment management fees | **$ —** | 2 | **—** | — | **1,585** | 1,525 | **—** | — | **1,585** | 1,527 |
| Trust fees | **682** | 655 | **250** | 315 | **554** | 566 | **(700)** | (678) | **786** | 858 |
| Other revenue | **2** | 1 | **85** | 75 | **62** | 46 | **—** | (1) | **149** | 121 |
| Trust and investment management fees | **$ 684** | 658 | **335** | 390 | **2,201** | 2,137 | **(700)** | (679) | **2,520** | 2,506 |

**INVESTMENT BANKING FEES** are earned for underwriting debt and equity securities, arranging loan syndications and performing other advisory services. Our obligation for these services is generally satisfied at closing of the transaction.

**CARD FEES** include credit and debit card interchange and network revenues and various card-related fees. Card-related fees such as late fees, cash advance fees, and balance transfer fees are loan-related and excluded from the scope of the new revenue guidance.

Credit and debit card interchange and network revenues are earned on credit and debit card transactions conducted through payment networks such as Visa, MasterCard, and American Express. Our obligation is satisfied concurrently with the delivery of services on a daily basis.

Table 17.5 presents our card fees by operating segment.

**Table 17.5: Card Fees by Operating Segment**

| | Quarter ended Sep 30, | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Community Banking | | Wholesale Banking | | Wealth and Investment Management | | Other | | Consolidated Company | |
| (in millions) | **2018** | 2017 | **2018** | 2017 | **2018** | 2017 | **2018** | 2017 | **2018** | 2017 |
| Credit card interchange and network revenues (1) | **$ 218** | 230 | **92** | 91 | **1** | 1 | **(1)** | (1) | **310** | 321 |
| Debit card interchange and network revenues | **523** | 496 | **—** | — | **—** | — | **—** | — | **523** | 496 |
| Late fees, cash advance fees, balance transfer fees, and annual fees | **184** | 183 | **—** | — | **—** | — | **—** | — | **184** | 183 |
| Card fees (1) | **$ 925** | 909 | **92** | 91 | **1** | 1 | **(1)** | (1) | **1,017** | 1,000 |

| | Nine months ended Sep 30, | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Community Banking | | Wholesale Banking | | Wealth and Investment Management | | Other | | Consolidated Company | |
| (in millions) | **2018** | 2017 | **2018** | 2017 | **2018** | 2017 | **2018** | 2017 | **2018** | 2017 |
| Credit card interchange and network revenues (1) | **$ 600** | 703 | **275** | 260 | **4** | 4 | **(3)** | (3) | **876** | 964 |
| Debit card interchange and network revenues | **1,527** | 1,459 | **—** | — | **—** | — | **—** | — | **1,527** | 1,459 |
| Late fees, cash advance fees, balance transfer fees, and annual fees | **523** | 541 | **—** | — | **—** | — | **—** | — | **523** | 541 |
| Card fees (1) | **$ 2,650** | 2,703 | **275** | 260 | **4** | 4 | **(3)** | (3) | **2,926** | 2,964 |

(1) The cost of credit card rewards and rebates of $335 million and $1,013 million for the quarter and nine months ended September 30, 2018, respectively, and $310 million and $873 million for the quarter and nine months ended September 30, 2017, respectively, are presented net against the related revenues.

**CASH NETWORK FEES** are earned for processing ATM transactions. Our obligation is completed daily upon settlement of ATM transactions.

**COMMERCIAL REAL ESTATE BROKERAGE COMMISSIONS** are earned for assisting customers in the sale of real estate property. Our obligation is satisfied upon the successful brokering of a transaction. Fees are based on a fixed percentage of the sales price.

**WIRE TRANSFER AND OTHER REMITTANCE FEES** consist of fees earned for funds transfer services and issuing cashier's checks and money orders. Our obligation is satisfied at the time of the funds transfer services or upon issuance of the cashier's check or money order.

**ALL OTHER FEES** include various types of fees earned on services to customers which have related performance obligations that we complete to recognize revenue. A significant portion of the revenue is earned from providing business payroll services and merchant services, which are generally recognized over time as we perform the services.

# Note 18: Employee Benefits

We sponsor a frozen noncontributory qualified defined benefit retirement plan, the Wells Fargo & Company Cash Balance Plan (Cash Balance Plan), which covers eligible employees of Wells Fargo. The Cash Balance Plan was frozen on July 1, 2009, and no new benefits accrue after that date.

Table 18.1 presents the components of net periodic benefit cost.

**Table 18.1: Net Periodic Benefit Cost**

| | 2018 | | | 2017 | | |
|---|---|---|---|---|---|---|
| | Pension benefits | | | Pension benefits | | |
| (in millions) | Qualified | Non-qualified | Other benefits | Qualified | Non-qualified | Other benefits |
| **Quarter ended September 30,** | | | | | | |
| Service cost | **$ 2** | **—** | **—** | 1 | — | — |
| Interest cost (1) | **97** | **5** | **6** | 103 | 5 | 7 |
| Expected return on plan assets (1) | **(160)** | **—** | **(8)** | (163) | — | (7) |
| Amortization of net actuarial loss (gain) (1) | **32** | **4** | **(4)** | 37 | 3 | (3) |
| Amortization of prior service credit (1) | **—** | **—** | **(3)** | — | — | (2) |
| Settlement loss (1) | **—** | **—** | **—** | 6 | — | — |
| Net periodic benefit cost (income) | **$ (29)** | **9** | **(9)** | (16) | 8 | (5) |
| **Nine months ended September 30,** | | | | | | |
| Service cost | **$ 5** | **—** | **—** | 4 | — | — |
| Interest cost (1) | **293** | **16** | **16** | 309 | 17 | 21 |
| Expected return on plan assets (1) | **(481)** | **—** | **(23)** | (489) | — | (22) |
| Amortization of net actuarial loss (gain) (1) | **98** | **10** | **(13)** | 113 | 9 | (8) |
| Amortization of prior service credit (1) | **—** | **—** | **(8)** | — | — | (7) |
| Settlement loss (1) | **—** | **3** | **—** | 7 | 6 | — |
| Net periodic benefit cost (income) | **$ (85)** | **29** | **(28)** | (56) | 32 | (16) |

(1) Effective January 1, 2018, we adopted ASU 2017-07 – *Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost*. Accordingly, 2018 balances are reported in other noninterest expense on the consolidated statement of income. For 2017, these balances were reported in employee benefits.

# Note 19: Earnings and Dividends Per Common Share

Table 19.1 shows earnings per common share and diluted earnings per common share and reconciles the numerator and denominator of both earnings per common share calculations.

**Table 19.1: Earnings Per Common Share Calculations**

| | Quarter ended September 30, | | Nine months ended September 30, | |
|---|---|---|---|---|
| (in millions, except per share amounts) | **2018** | 2017 | **2018** | 2017 |
| Wells Fargo net income (1) | **$ 6,007** | 4,542 | **$ 16,329** | 16,032 |
| Less: Preferred stock dividends and other (2) | **554** | 411 | **1,351** | 1,218 |
| Wells Fargo net income applicable to common stock (numerator) (1) | **$ 5,453** | 4,131 | **$ 14,978** | 14,814 |
| **Earnings per common share** | | | | |
| Average common shares outstanding (denominator) | **4,784.0** | 4,948.6 | **4,844.8** | 4,982.1 |
| Per share (1) | **$ 1.14** | 0.83 | **$ 3.09** | 2.97 |
| **Diluted earnings per common share** | | | | |
| Average common shares outstanding | **4,784.0** | 4,948.6 | **4,844.8** | 4,982.1 |
| Add: Stock options | **7.5** | 15.8 | **8.5** | 18.1 |
| Restricted share rights | **26.5** | 22.4 | **25.9** | 24.1 |
| Warrants | **5.2** | 10.0 | **5.8** | 11.1 |
| Diluted average common shares outstanding (denominator) | **4,823.2** | 4,996.8 | **4,885.0** | 5,035.4 |
| Per share (1) | **$ 1.13** | 0.83 | **$ 3.07** | 2.94 |

(1) Financial information for the prior period has been revised to reflect the impact of the adoption of ASU 2017-12 – Derivatives and Hedging (Topic 815): *Targeted Improvements to Accounting for Hedging Activities,* effective January 1, 2017.
(2) The quarter and nine months ended September 30, 2018, includes $155 million as a result of eliminating the discount on our Series J Preferred Stock, which was redeemed on September 17, 2018.

Table 19.2 presents the outstanding options to purchase shares of common stock that were anti-dilutive (the exercise price was higher than the weighted-average market price), and therefore not included in the calculation of diluted earnings per common share.

**Table 19.2: Outstanding Anti-Dilutive Options**

| | Weighted-average shares | | | |
|---|---|---|---|---|
| | Quarter ended September 30, | | Nine months ended September 30, | |
| (in millions) | **2018** | 2017 | **2018** | 2017 |
| Options | **—** | 1.8 | **0.4** | 2.0 |

Table 19.3 presents dividends declared per common share.

**Table 19.3: Dividends Declared Per Common Share**

| | Quarter ended September 30, | | Nine months ended September 30, | |
|---|---|---|---|---|
| | **2018** | 2017 | **2018** | 2017 |
| Per common share | **$ 0.430** | 0.390 | **1.210** | 1.150 |

# Note 20: Other Comprehensive Income

Table 20.1 provides the components of other comprehensive income (OCI), reclassifications to net income by income statement line item, and the related tax effects.

**Table 20.1: Summary of Other Comprehensive Income**

| | Quarter ended September 30, | | | | | | Nine months ended September 30, | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | 2018 | | | 2017 | | | 2018 | | | 2017 |
| (in millions) | **Before tax** | **Tax effect** | **Net of tax** | Before tax | Tax effect | Net of tax | **Before tax** | **Tax effect** | **Net of tax** | Before tax | Tax effect | Net of tax |
| Debt securities (1): | | | | | | | | | | | | |
| Net unrealized gains (losses) arising during the period | **$(1,468)** | **360** | **(1,108)** | 891 | (353) | 538 | **(5,528)** | **1,360** | **(4,168)** | 2,825 | (1,075) | 1,750 |
| Reclassification of net (gains) losses to net income: | | | | | | | | | | | | |
| Interest income on debt securities (2) | **109** | **(27)** | **82** | 70 | (26) | 44 | **268** | **(66)** | **202** | 122 | (46) | 76 |
| Net gains on debt securities | **(57)** | **15** | **(42)** | (166) | 62 | (104) | **(99)** | **25** | **(74)** | (322) | 119 | (203) |
| Net gains from equity securities (3) | **—** | **—** | **—** | (106) | 41 | (65) | **—** | **—** | **—** | (323) | 120 | (203) |
| Other noninterest income | **(1)** | **—** | **(1)** | 2 | — | 2 | **(1)** | **—** | **(1)** | 1 | — | 1 |
| Subtotal reclassifications to net income | **51** | **(12)** | **39** | (200) | 77 | (123) | **168** | **(41)** | **127** | (522) | 193 | (329) |
| Net change | **(1,417)** | **348** | **(1,069)** | 691 | (276) | 415 | **(5,360)** | **1,319** | **(4,041)** | 2,303 | (882) | 1,421 |
| Derivatives and hedging activities: | | | | | | | | | | | | |
| Fair Value Hedges: | | | | | | | | | | | | |
| Change in fair value of excluded components on fair value hedges (4) | **(21)** | **5** | **(16)** | 72 | (26) | 46 | **(147)** | **36** | **(111)** | (254) | 96 | (158) |
| Cash Flow Hedges: | | | | | | | | | | | | |
| Net unrealized gains (losses) arising during the period on cash flow hedges | **(3)** | **—** | **(3)** | 32 | (12) | 20 | **(269)** | **66** | **(203)** | 272 | (103) | 169 |
| Reclassification of net (gains) losses to net income on cash flow hedges: | | | | | | | | | | | | |
| Interest income on loans | **78** | **(19)** | **59** | (107) | 42 | (65) | **215** | **(53)** | **162** | (468) | 178 | (290) |
| Interest expense on long-term debt | **1** | **—** | **1** | 2 | (1) | 1 | **1** | **—** | **1** | 8 | (3) | 5 |
| Subtotal reclassifications to net income | **79** | **(19)** | **60** | (105) | 41 | (64) | **216** | **(53)** | **163** | (460) | 175 | (285) |
| Net change | **55** | **(14)** | **41** | (1) | 3 | 2 | **(200)** | **49** | **(151)** | (442) | 168 | (274) |
| Defined benefit plans adjustments: | | | | | | | | | | | | |
| Net actuarial and prior service gains arising during the period | **—** | **—** | **—** | 11 | (5) | 6 | **6** | **(2)** | **4** | 4 | (2) | 2 |
| Reclassification of amounts to net periodic benefit costs (5): | | | | | | | | | | | | |
| Amortization of net actuarial loss | **32** | **(8)** | **24** | 37 | (13) | 24 | **95** | **(23)** | **72** | 114 | (43) | 71 |
| Settlements and other | **(3)** | **2** | **(1)** | 4 | (1) | 3 | **(5)** | **3** | **(2)** | 6 | — | 6 |
| Subtotal reclassifications to net periodic benefit costs | **29** | **(6)** | **23** | 41 | (14) | 27 | **90** | **(20)** | **70** | 120 | (43) | 77 |
| Net change | **29** | **(6)** | **23** | 52 | (19) | 33 | **96** | **(22)** | **74** | 124 | (45) | 79 |
| Foreign currency translation adjustments: | | | | | | | | | | | | |
| Net unrealized gains (losses) arising during the period | **(9)** | **2** | **(7)** | 39 | 3 | 42 | **(94)** | **—** | **(94)** | 86 | 6 | 92 |
| Net change | **(9)** | **2** | **(7)** | 39 | 3 | 42 | **(94)** | **—** | **(94)** | 86 | 6 | 92 |
| Other comprehensive income (loss) | **$(1,342)** | **330** | **(1,012)** | 781 | (289) | 492 | **(5,558)** | **1,346** | **(4,212)** | 2,071 | (753) | 1,318 |
| Less: Other comprehensive loss from noncontrolling interests, net of tax | | | **—** | | | (34) | | | **(1)** | | | (29) |
| Wells Fargo other comprehensive income (loss), net of tax | | | **$(1,012)** | | | 526 | | | **(4,211)** | | | 1,347 |

(1) The quarter and nine months ended ended September 30, 2017 includes net unrealized gains (losses) arising during the period from equity securities of $(13) million and $113 million and reclassification of net (gains) losses to net income related to equity securities of $(106) million and $(323) million, respectively. With the adoption in first quarter 2018 of ASU 2016-01, the quarter and nine months ended September 30, 2018 reflects net unrealized gains (losses) arising during the period and reclassification of net (gains) losses to net income from only debt securities.

(2) Represents net unrealized gains and losses amortized over the remaining lives of securities that were transferred from the available-for-sale portfolio to the held-to-maturity portfolio.

(3) Net gains from equity securities is presented for table presentation purposes. After adoption of ASU 2016-01 on January 1, 2018, this line does not contain balances as realized and unrealized gains and losses on marketable equity securities are recorded in earnings.

(4) Represents changes in fair value of cross-currency swaps attributable to changes in cross-currency basis spreads, which are excluded from the assessment of effectiveness recorded in other comprehensive income.

(5) These items are included in the computation of net periodic benefit cost, which is recorded in employee benefits expense (see Note 18 (Employee Benefits) for additional details).

**Table 20.2: Cumulative OCI Balances**

| (in millions) | | Debt securities (1) | Derivatives and hedging activities | Defined benefit plans adjustments | Foreign currency translation adjustments | Cumulative other compre-hensive income |
|---|---|---|---|---|---|---|
| **Quarter ended September 30, 2018** | | | | | | |
| **Balance, beginning of period** | **$** | **(2,919)** | **(610)** | **(1,757)** | **(175)** | **(5,461)** |
| **Reclassification of certain tax effects to retained earnings (2)** | | **31** | **(87)** | **(353)** | **9** | **(400)** |
| **Net unrealized losses arising during the period** | | **(1,108)** | **(19)** | **—** | **(7)** | **(1,134)** |
| **Amounts reclassified from accumulated other comprehensive income** | | **39** | **60** | **23** | **—** | **122** |
| **Net change** | | **(1,038)** | **(46)** | **(330)** | **2** | **(1,412)** |
| **Balance, end of period** | **$** | **(3,957)** | **(656)** | **(2,087)** | **(173)** | **(6,873)** |
| Quarter ended September 30, 2017 | | | | | | |
| Balance, beginning of period | $ | (96) | (19) | (1,897) | (136) | (2,148) |
| Net unrealized gains arising during the period | | 538 | 66 | 6 | 42 | 652 |
| Amounts reclassified from accumulated other comprehensive income | | (123) | (64) | 27 | — | (160) |
| Net change | | 415 | 2 | 33 | 42 | 492 |
| Less: Other comprehensive loss from noncontrolling interests | | (34) | — | — | — | (34) |
| Balance, end of period | $ | 353 | (17) | (1,864) | (94) | (1,622) |
| **Nine months ended September 30, 2018** | | | | | | |
| **Balance, beginning of period** | **$** | **171** | **(418)** | **(1,808)** | **(89)** | **(2,144)** |
| **Transition adjustment (3)** | | **(118)** | **—** | **—** | **—** | **(118)** |
| **Balance, January 1, 2018** | | **53** | **(418)** | **(1,808)** | **(89)** | **(2,262)** |
| **Reclassification of certain tax effects to retained earnings (2)** | | **31** | **(87)** | **(353)** | **9** | **(400)** |
| **Net unrealized gains (losses) arising during the period** | | **(4,168)** | **(314)** | **4** | **(94)** | **(4,572)** |
| **Amounts reclassified from accumulated other comprehensive income** | | **127** | **163** | **70** | **—** | **360** |
| **Net change** | | **(4,010)** | **(238)** | **(279)** | **(85)** | **(4,612)** |
| **Less: Other comprehensive loss from noncontrolling interests** | | **—** | **—** | **—** | **(1)** | **(1)** |
| **Balance, end of period** | **$** | **(3,957)** | **(656)** | **(2,087)** | **(173)** | **(6,873)** |
| Nine months ended September 30, 2017 | | | | | | |
| Balance, beginning of period | $ | (1,099) | 89 | (1,943) | (184) | (3,137) |
| Transition adjustment (4) | | — | 168 | — | — | 168 |
| Balance, January 1, 2017 | | (1,099) | 257 | (1,943) | (184) | (2,969) |
| Net unrealized gains arising during the period | | 1,750 | 11 | 2 | 92 | 1,855 |
| Amounts reclassified from accumulated other comprehensive income | | (329) | (285) | 77 | — | (537) |
| Net change | | 1,421 | (274) | 79 | 92 | 1,318 |
| Less: Other comprehensive income (loss) from noncontrolling interests | | (31) | — | — | 2 | (29) |
| Balance, end of period | $ | 353 | (17) | (1,864) | (94) | (1,622) |

(1) The quarter and nine months ended ended September 30, 2017 includes net unrealized gains (losses) arising during the period from equity securities of $(13) million and $113 million and reclassification of net (gains) losses to net income related to equity securities of $(106) million and $(323) million, respectively. With the adoption in first quarter 2018 of ASU 2016-01, the quarter and nine months ended September 30, 2018 reflects net unrealized gains (losses) arising during the period and reclassification of net (gains) losses to net income from only debt securities.

(2) Represents the reclassification from other comprehensive income to retained earnings as a result of the adoption of ASU 2018-02 – *Reclassification of Certain Tax Effects from Accumulated Other Comprehensive Income,* in the third quarter of 2018. For additional information, see Note 1.

(3) The transition adjustment relates to the adoption of ASU 2016-01 – Financial Instruments – Overall (Subtopic 825-10): *Recognition and Measurement of Financial Assets and Financial Liabilities*. See Note 1 (Summary of Significant Accounting Policies) for more information.

(4) The transition adjustment relates to the adoption of ASU 2017-12, Derivatives and Hedging (Topic 815): *Targeted Improvements to Accounting for Hedging Activities*.

# Note 21: Operating Segments

We have three reportable operating segments: Community Banking; Wholesale Banking; and Wealth and Investment Management (WIM). We define our operating segments by product type and customer segment and their results are based on our management accounting process, for which there is no comprehensive, authoritative guidance equivalent to GAAP for financial accounting. The management accounting process measures the performance of the operating segments based on our management structure and is not necessarily comparable with similar information for other financial services companies. If the management structure and/or the allocation process changes, allocations, transfers and assignments may change. Effective first quarter 2018, assets and liabilities receive a funding charge or credit that considers interest rate risk, liquidity risk, and other product characteristics on a more granular level. This methodology change affects results across all three of our reportable operating segments and prior period operating segment results have been revised to reflect this methodology change. Our previously reported consolidated financial results were not impacted by the methodology change; however, in connection with the adoption of ASU 2016-01 in first quarter 2018, certain reclassifications have occurred within noninterest income. For a description of our operating segments see Note 25 (Operating Segments) to Financial Statements in our 2017 Form 10-K. Table 21.1 presents our results by operating segment.

**Table 21.1: Operating Segments**

| | Community Banking | | Wholesale Banking | | Wealth and Investment Management | | Other (1) | | Consolidated Company | |
|---|---|---|---|---|---|---|---|---|---|---|
| (income/expense in millions, average balances in billions) | **2018** | 2017 | **2018** | 2017 | **2018** | 2017 | **2018** | 2017 | **2018** | 2017 |
| **Quarter ended** | | | | | | | | | | |
| Net interest income (2) | **$ 7,338** | 7,154 | **4,726** | 4,763 | **1,102** | 1,177 | **(594)** | (645) | **12,572** | 12,449 |
| Provision (reversal of provision) for credit losses | **547** | 650 | **26** | 69 | **6** | (1) | **1** | (1) | **580** | 717 |
| Noninterest income | **4,478** | 4,366 | **2,578** | 2,741 | **3,124** | 3,079 | **(811)** | (786) | **9,369** | 9,400 |
| Noninterest expense | **7,467** | 7,852 | **3,935** | 4,234 | **3,243** | 3,102 | **(882)** | (837) | **13,763** | 14,351 |
| Income (loss) before income tax expense (benefit) | **3,802** | 3,018 | **3,343** | 3,201 | **977** | 1,155 | **(524)** | (593) | **7,598** | 6,781 |
| Income tax expense (benefit) | **925** | 1,079 | **475** | 894 | **244** | 433 | **(132)** | (225) | **1,512** | 2,181 |
| Net income (loss) before noncontrolling interests | **2,877** | 1,939 | **2,868** | 2,307 | **733** | 722 | **(392)** | (368) | **6,086** | 4,600 |
| Less: Net income (loss) from noncontrolling interests | **61** | 62 | **17** | (7) | **1** | 3 | **—** | — | **79** | 58 |
| Net income (loss) (3) | **$ 2,816** | 1,877 | **2,851** | 2,314 | **732** | 719 | **(392)** | (368) | **6,007** | 4,542 |
| Average loans | **$ 460.9** | 473.7 | **462.8** | 463.7 | **74.6** | 72.4 | **(58.8)** | (57.5) | **939.5** | 952.3 |
| Average assets | **1,024.9** | 1,089.6 | **827.2** | 824.2 | **83.8** | 83.2 | **(59.6)** | (58.5) | **1,876.3** | 1,938.5 |
| Average deposits | **760.9** | 734.6 | **413.6** | 463.4 | **159.8** | 184.4 | **(67.9)** | (76.0) | **1,266.4** | 1,306.4 |
| **Nine months ended Sep 30,** | | | | | | | | | | |
| Net interest income (2) | **$21,879** | 21,419 | **13,951** | 14,253 | **3,325** | 3,489 | **(1,804)** | (1,917) | **37,351** | 37,244 |
| Provision (reversal of provision) for credit losses | **1,249** | 1,919 | **(30)** | (39) | **(2)** | 2 | **6** | (5) | **1,223** | 1,877 |
| Noninterest income | **13,573** | 13,879 | **7,829** | 8,307 | **9,094** | 9,250 | **(2,419)** | (2,341) | **28,077** | 29,095 |
| Noninterest expense | **23,459** | 22,399 | **12,132** | 12,437 | **9,894** | 9,377 | **(2,698)** | (2,529) | **42,787** | 41,684 |
| Income (loss) before income tax expense (benefit) | **10,744** | 10,980 | **9,678** | 10,162 | **2,527** | 3,360 | **(1,531)** | (1,724) | **21,418** | 22,778 |
| Income tax expense (benefit) | **3,147** | 3,316 | **1,302** | 2,642 | **630** | 1,255 | **(383)** | (654) | **4,696** | 6,559 |
| Net income (loss) before noncontrolling interests | **7,597** | 7,664 | **8,376** | 7,520 | **1,897** | 2,105 | **(1,148)** | (1,070) | **16,722** | 16,219 |
| Less: Net income (loss) from noncontrolling interests | **372** | 198 | **15** | (21) | **6** | 10 | **—** | — | **393** | 187 |
| Net income (loss) (3) | **$ 7,225** | 7,466 | **8,361** | 7,541 | **1,891** | 2,095 | **(1,148)** | (1,070) | **16,329** | 16,032 |
| Average loans | **$ 465.0** | 476.5 | **464.2** | 466.3 | **74.4** | 71.6 | **(58.8)** | (56.8) | **944.8** | 957.6 |
| Average assets | **1,040.2** | 1,089.6 | **827.6** | 817.9 | **84.0** | 82.5 | **(59.6)** | (57.8) | **1,892.2** | 1,932.2 |
| Average deposits | **756.4** | 726.8 | **424.4** | 463.7 | **168.2** | 190.6 | **(70.8)** | (78.8) | **1,278.2** | 1,302.3 |

(1) Includes the elimination of certain items that are included in more than one business segment, most of which represents products and services for Wealth and Investment Management customers served through Community Banking distribution channels.
(2) Net interest income is the difference between interest earned on assets and the cost of liabilities to fund those assets. Interest earned includes actual interest earned on segment assets as well as interest credits for any funding of a segment available to be provided to other segments. The cost of liabilities includes actual interest expense on segment liabilities as well as funding charges for any funding provided from other segments.
(3) Represents segment net income (loss) for Community Banking; Wholesale Banking; and Wealth and Investment Management segments and Wells Fargo net income for the consolidated company.

# Note 22: Regulatory and Agency Capital Requirements

The Company and each of its subsidiary banks are subject to regulatory capital adequacy requirements promulgated by federal bank regulatory agencies. The Federal Reserve establishes capital requirements for the consolidated financial holding company, and the OCC has similar requirements for the Company's national banks, including Wells Fargo Bank, N.A. (the Bank).

Table 22.1 presents regulatory capital information for Wells Fargo & Company and the Bank using Basel III, which increased minimum required capital ratios, and introduced a minimum Common Equity Tier 1 (CET1) ratio. We must report the lower of our CET1, tier 1 and total capital ratios calculated under the Standardized Approach and under the Advanced Approach in the assessment of our capital adequacy. The Standardized Approach applies assigned risk weights to broad risk categories, while the calculation of risk-weighted assets (RWAs) under the Advanced Approach differs by requiring applicable banks to utilize a risk-sensitive methodology, which relies upon the use of internal credit models, and includes an operational risk component. The Basel III capital rules are being phased-in effective January 1, 2014, through the end of 2021. Beginning January 1, 2018, the requirements for calculating CET1 and tier 1 capital, along with RWAs, became fully phased-in. Accordingly, the information presented reflects fully phased-in CET1 capital, tier 1 capital, and RWAs, but reflects total capital still in accordance with Transition Requirements.

The Bank is an approved seller/servicer of mortgage loans and is required to maintain minimum levels of shareholders' equity, as specified by various agencies, including the United States Department of Housing and Urban Development, GNMA, FHLMC and FNMA. At September 30, 2018, the Bank met these requirements. Other subsidiaries, including the Company's insurance and broker-dealer subsidiaries, are also subject to various minimum capital levels, as defined by applicable industry regulations. The minimum capital levels for these subsidiaries, and related restrictions, are not significant to our consolidated operations.

**Table 22.1: Regulatory Capital Information**

| | Wells Fargo & Company | | | | Wells Fargo Bank, N.A. | | | |
|---|---|---|---|---|---|---|---|---|
| | **September 30, 2018** | | December 31, 2017 | | **September 30, 2018** | | December 31, 2017 | |
| (in millions, except ratios) | Advanced Approach | Standardized Approach | Advanced Approach | Standardized Approach | Advanced Approach | Standardized Approach | Advanced Approach | Standardized Approach |
| **Regulatory capital:** | | | | | | | | |
| Common equity tier 1 | **$ 148,855** | **148,855** | 154,765 | 154,765 | **141,459** | **141,459** | 143,292 | 143,292 |
| Tier 1 | **170,342** | **170,342** | 178,209 | 178,209 | **141,459** | **141,459** | 143,292 | 143,292 |
| Total | **201,616** | **209,924** | 210,333 | 220,097 | **154,468** | **162,353** | 156,661 | 165,734 |
| **Assets:** | | | | | | | | |
| Risk-weighted | **$1,189,464** | **1,250,215** | 1,199,545 | 1,260,663 | **1,082,515** | **1,162,179** | 1,090,360 | 1,169,863 |
| Adjusted average (1) | **1,847,338** | **1,847,338** | 1,905,568 | 1,905,568 | **1,647,541** | **1,647,541** | 1,708,828 | 1,708,828 |
| **Regulatory capital ratios:** | | | | | | | | |
| Common equity tier 1 capital | **12.51%** | **11.91** * | 12.90 | 12.28 * | **13.07** | **12.17** * | 13.14 | 12.25 * |
| Tier 1 capital | **14.32** | **13.63** * | 14.86 | 14.14 * | **13.07** | **12.17** * | 13.14 | 12.25 * |
| Total capital | **16.95** | **16.79** * | 17.53 | 17.46 * | **14.27** | **13.97** * | 14.37 | 14.17 * |
| Tier 1 leverage (1) | **9.22** | **9.22** | 9.35 | 9.35 | **8.59** | **8.59** | 8.39 | 8.39 |

*Denotes the lowest capital ratio as determined under the Advanced and Standardized Approaches.
(1) The leverage ratio consists of Tier 1 capital divided by quarterly average total assets, excluding goodwill and certain other items.

Table 22.2 presents the minimum required regulatory capital ratios under Transition Requirements to which the Company and the Bank were subject as of September 30, 2018 and December 31, 2017.

**Table 22.2: Minimum Required Regulatory Capital Ratios – Transition Requirements (1)**

| | Wells Fargo & Company | | Wells Fargo Bank, N.A. | |
|---|---|---|---|---|
| | **September 30, 2018** | December 31, 2017 | **September 30, 2018** | December 31, 2017 |
| **Regulatory capital ratios:** | | | | |
| Common equity tier 1 capital | **7.875%** | 6.750 | **6.375** | 5.750 |
| Tier 1 capital | **9.375** | 8.250 | **7.875** | 7.250 |
| Total capital | **11.375** | 10.250 | **9.875** | 9.250 |
| Tier 1 leverage | **4.000** | 4.000 | **4.000** | 4.000 |

(1) At September 30, 2018, under transition requirements, the CET1, tier 1 and total capital minimum ratio requirements for Wells Fargo & Company include a capital conservation buffer of 1.875% and a global systemically important bank (G-SIB) surcharge of 1.500%. Only the 1.875% capital conservation buffer applies to the Bank at September 30, 2018.

## Glossary of Acronyms

| | | | |
|---|---|---|---|
| **ABS** | Asset-backed security | **G-SIB** | Globally systemic important bank |
| **ACL** | Allowance for credit losses | **HAMP** | Home Affordability Modification Program |
| **ALCO** | Asset/Liability Management Committee | **HUD** | U.S. Department of Housing and Urban Development |
| **ARM** | Adjustable-rate mortgage | **LCR** | Liquidity coverage ratio |
| **ASC** | Accounting Standards Codification | **LHFS** | Loans held for sale |
| **ASU** | Accounting Standards Update | **LIBOR** | London Interbank Offered Rate |
| **AUA** | Assets under administration | **LIHTC** | Low income housing tax credit |
| **AUM** | Assets under management | **LOCOM** | Lower of cost or fair value |
| **AVM** | Automated valuation model | **LTV** | Loan-to-value |
| **BCBS** | Basel Committee on Bank Supervision | **MBS** | Mortgage-backed security |
| **BCFP** | Bureau of Consumer Financial Protection | **MHA** | Making Home Affordable programs |
| **BHC** | Bank holding company | **MLHFS** | Mortgage loans held for sale |
| **CCAR** | Comprehensive Capital Analysis and Review | **MSR** | Mortgage servicing right |
| **CD** | Certificate of deposit | **MTN** | Medium-term note |
| **CDO** | Collateralized debt obligation | **NAV** | Net asset value |
| **CDS** | Credit default swaps | **NPA** | Nonperforming asset |
| **CECL** | Current expected credit loss | **OCC** | Office of the Comptroller of the Currency |
| **CET1** | Common Equity Tier 1 | **OCI** | Other comprehensive income |
| **CLO** | Collateralized loan obligation | **OTC** | Over-the-counter |
| **CLTV** | Combined loan-to-value | **OTTI** | Other-than-temporary impairment |
| **CMBS** | Commercial mortgage-backed securities | **PCI Loans** | Purchased credit-impaired loans |
| **CPI** | Collateral protection insurance | **PTPP** | Pre-tax pre-provision profit |
| **CPP** | Capital Purchase Program | **RBC** | Risk-based capital |
| **CRE** | Commercial real estate | **RMBS** | Residential mortgage-backed securities |
| **DPD** | Days past due | **ROA** | Wells Fargo net income to average total assets |
| **ESOP** | Employee Stock Ownership Plan | **ROE** | Wells Fargo net income applicable to common stock |
| **FAS** | Statement of Financial Accounting Standards | | to average Wells Fargo common stockholders' equity |
| **FASB** | Financial Accounting Standards Board | **ROTCE** | Return on average tangible common equity |
| **FDIC** | Federal Deposit Insurance Corporation | **RWAs** | Risk-weighted assets |
| **FFELP** | Federal Family Education Loan Program | **SEC** | Securities and Exchange Commission |
| **FHA** | Federal Housing Administration | **S&P** | Standard & Poor's Ratings Services |
| **FHLB** | Federal Home Loan Bank | **SLR** | Supplementary leverage ratio |
| **FHLMC** | Federal Home Loan Mortgage Corporation | **SPE** | Special purpose entity |
| **FICO** | Fair Isaac Corporation (credit rating) | **TARP** | Troubled Asset Relief Program |
| **FNMA** | Federal National Mortgage Association | **TDR** | Troubled debt restructuring |
| **FRB** | Board of Governors of the Federal Reserve System | **TLAC** | Total Loss Absorbing Capacity |
| **GAAP** | Generally accepted accounting principles | **VA** | Department of Veterans Affairs |
| **GNMA** | Government National Mortgage Association | **VaR** | Value-at-Risk |
| **GSE** | Government-sponsored entity | **VIE** | Variable interest entity |

**PART II – OTHER INFORMATION**

Item 1. Legal Proceedings

Information in response to this item can be found in Note 13 (Legal Actions) to Financial Statements in this Report which information is incorporated by reference into this item.

Item 1A. Risk Factors

Information in response to this item can be found under the "Financial Review – Risk Factors" section in this Report which information is incorporated by reference into this item.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

The following table shows Company repurchases of its common stock for each calendar month in the quarter ended September 30, 2018.

| Calendar month | Total number of shares repurchased (1) | Weighted-average price paid per share | Maximum number of shares that may yet be repurchased under the authorization |
|---|---|---|---|
| July | 43,844,808 | $ 55.60 | 290,628,420 |
| August | 53,449,561 | 58.68 | 237,178,859 |
| September | 49,192,674 | 57.09 | 187,986,185 |
| Total | 146,487,043 | | |

(1) All shares were repurchased under an authorization covering up to 350 million shares of common stock approved by the Board of Directors and publicly announced by the Company on January 23, 2018. Unless modified or revoked by the Board, this authorization does not expire.

The following table shows Company repurchases of the warrants for each calendar month in the quarter ended September 30, 2018.

| Calendar month | Total number of warrants repurchased (1) | Average price paid per warrant | Maximum dollar value of warrants that may yet be repurchased |
|---|---|---|---|
| July | — | $ — | 451,944,402 |
| August | — | — | 451,944,402 |
| September | — | — | 451,944,402 |
| Total | — | | |

(1) Warrants are repurchased under the authorization covering up to $1 billion in warrants approved by the Board of Directors (ratified and approved on June 22, 2010). Unless modified or revoked by the Board, this authorization does not expire.

Item 6. Exhibits

A list of exhibits to this Form 10-Q is set forth below.

The Company's SEC file number is 001-2979. On and before November 2, 1998, the Company filed documents with the SEC under the name Norwest Corporation. The former Wells Fargo & Company filed documents under SEC file number 001-6214.

| Exhibit Number | Description | Location |
|---|---|---|
| 3(a) | Restated Certificate of Incorporation, as amended and in effect on the date hereof. | Filed herewith. |
| 3(b) | By-Laws. | Incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K filed March 1, 2018. |
| 4(a) | See Exhibits 3(a) and 3(b). | |
| 4(b) | The Company agrees to furnish upon request to the Commission a copy of each instrument defining the rights of holders of senior and subordinated debt of the Company. | |
| 31(a) | Certification of principal executive officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. | Filed herewith. |
| 31(b) | Certification of principal financial officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. | Filed herewith. |
| 32(a) | Certification of Periodic Financial Report by Chief Executive Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and 18 U.S.C. § 1350. | Furnished herewith. |
| 32(b) | Certification of Periodic Financial Report by Chief Financial Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and 18 U.S.C. § 1350. | Furnished herewith. |
| 101.INS | XBRL Instance Document | Filed herewith. |
| 101.SCH | XBRL Taxonomy Extension Schema Document | Filed herewith. |
| 101.CAL | XBRL Taxonomy Extension Calculation Linkbase Document | Filed herewith. |
| 101.DEF | XBRL Taxonomy Extension Definitions Linkbase Document | Filed herewith. |
| 101.LAB | XBRL Taxonomy Extension Label Linkbase Document | Filed herewith. |
| 101.PRE | XBRL Taxonomy Extension Presentation Linkbase Document | 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, thereunto duly authorized.

Dated: November 6, 2018

WELLS FARGO & COMPANY

By: /s/ RICHARD D. LEVY
Richard D. Levy
Executive Vice President and Controller
(Principal Accounting Officer)

**Exhibit 3(a)**

# RESTATED CERTIFICATE OF INCORPORATION

# OF

# WELLS FARGO & COMPANY

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**Pursuant to Section 245 of the**
**General Corporation Law of the State of Delaware**

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Wells Fargo & Company, a corporation organized and existing under the General Corporation Law of the State of Delaware, hereby certifies as follows:

1. The present name of the corporation is Wells Fargo & Company.

2. The corporation was originally incorporated under the name Northwest Bancorporation, and its original Certificate of Incorporation was filed with the Secretary of State of the State of Delaware on January 24, 1929. On April 26, 1983 the corporation filed an amendment to its Certificate of Incorporation to change its name from Northwest Bancorporation to Norwest Corporation effective April 29, 1983, and on November 2, 1998 the corporation filed an amendment to its Certificate of Incorporation to change its name from Norwest Corporation to Wells Fargo & Company.

3. The corporation's Board of Directors has duly adopted this Restated Certificate of Incorporation in accordance with the provisions of Section 245 of the General Corporation Law of the State of Delaware. This Restated Certificate of Incorporation only restates and integrates and does not further amend the provisions of the corporation's Certificate of Incorporation, as theretofore amended or supplemented or restated, and there is no discrepancy between those provisions and the provisions of this Restated Certificate of Incorporation.

4. The text of the corporation's Certificate of Incorporation, as heretofore amended or supplemented or restated, is hereby restated to read in its entirety as follows:

FIRST: The name of this corporation is Wells Fargo & Company.

SECOND: Its registered office in the State of Delaware is located in the City of Wilmington, County of New Castle. The name and address of its registered agent is Corporation Service Company, 2711 Centerville Road, Suite 400, Wilmington, New Castle County, Delaware 19808.

THIRD: The nature of the business, or objects or purposes to be transacted, promoted or carried on, are:

To acquire by purchase, subscription or otherwise, and to own and hold, for investment purposes, the capital stock, scrip or any voting trust certificates in respect of the shares of capital stock issued or created by any moneyed, financial or investment corporation or association created and organized, or to be created and organized, under the laws of the United States of America or of any State or territory

thereof; and to issue in exchange therefor shares of the capital stock of this corporation; and while the holder or owner of any such shares of capital stock, scrip or voting trust certificates, to possess and exercise in respect thereof any and all rights, powers and privileges of ownership, including the right to vote thereon;

To loan money to any aforesaid corporation or association, any of whose shares of capital stock, scrip or voting trust certificates aforesaid shall be owned at the time of such loan by this corporation, and to do any and all lawful things designed to protect, preserve, improve or enhance the value of any such shares, scrip or voting trust certificates;

In addition to and not in limitation of any of the aforesaid powers, to invest temporarily any of its capital or surplus funds in bonds, mortgages or evidences of indebtedness and any other securities issued or created by any individual, copartnership or other corporation, joint stock company or association, public or private, or of the Government of the United States of America, or of any Foreign Government, or of any State, territory, municipality or other political subdivision or of any governmental agency;

To acquire, hold, sell, reissue or cancel any shares of its own capital stock; provided, however, that this corporation may not use any of its funds or property for the purchase of its own shares of capital stock when such use would cause any impairment of the capital of this corporation, and provided further that the shares of its own capital stock belonging to this corporation shall not be voted, directly or indirectly;

To organize, incorporate and reorganize subsidiary corporations for all lawful purposes;

To conduct all or any part of its operations and business without restriction or limit as to amount in the State of Delaware or in any or all other States, territories, districts, colonies and dependencies of the United States of America;

To have and to exercise any and all powers and privileges now or hereafter conferred by the laws of the State of Delaware upon corporations formed under the Acts hereinafter referred to, or under any Act amendatory thereof or supplemental thereto or substituted therefor;

The foregoing clauses shall be construed both as objects and powers; and it is hereby expressly provided that the foregoing enumeration of specific powers shall not be held to limit or restrict in any manner the powers of this corporation.

~~FOURTH: The total number of shares of all classes of stock which the corporation shall have authority to issue is Six Billion Twenty-Four Million (6,024,000,000), consisting of Twenty Million (20,000,000) shares of Preferred Stock without par value, Four Million (4,000,000) shares of Preference Stock without par value, and Six Billion (6,000,000,000) shares of Common Stock of the par value of $1-2/3 per share.~~*

*On April 29, 2010, Wells Fargo & Company filed a Certificate of Amendment Amending Article Fourth to increase the authorized common stock to 9,000,000,000 shares.

The designations and the voting powers, preferences and relative, participating, optional or other special rights, and qualifications, limitations or restrictions thereof, of the Preferred Stock, the Preference Stock and the Common Stock which are fixed by the Certificate of Incorporation and the express grant of authority to the Board of Directors of the corporation (hereinafter referred to as the "Board of Directors")

to fix by resolution or resolutions the designations and the voting powers, preferences and relative, participating, optional or other special rights, and qualifications, limitations or restrictions thereof, of the Preferred Stock and the Preference Stock which are not fixed by the Certificate of Incorporation are as follows:

1. The Preferred Stock may be issued at any time or from time to time in any amount, provided not more than 20,000,000 shares thereof shall be outstanding at any one time, as Preferred Stock of one or more series, as hereinafter provided. Each share of any one series of Preferred Stock shall be identical in all respects except as to the date from which dividends thereon may be cumulative, each series of Preferred Stock shall be distinctly designated by letter or descriptive words, and all series of Preferred Stock shall rank equally and be identical in all respects except as permitted by the provisions of Section 2 of this Article FOURTH. Shares of Preferred Stock shall be issued only as fully paid and non-assessable shares.

The Preference Stock may be issued at any time or from time to time in any amount, provided not more than 4,000,000 shares thereof shall be outstanding at any one time, as Preference Stock of one or more series, as hereinafter provided. Each share of any one series of Preference Stock shall be identical in all respects except as to the date from which dividends thereon may be cumulative, each series of Preference Stock shall be distinctly designated by letter or descriptive words, and all series of Preference Stock shall rank equally and be identical in all respects except as permitted by the provisions of Section 2 of this Article FOURTH. Shares of Preference Stock shall be issued only as fully paid and non-assessable shares.

2. Authority is hereby expressly granted to and vested in the Board of Directors at any time or from time to time to issue the Preferred Stock as Preferred Stock of any series and the Preference Stock as Preference Stock of any series and, in connection with the creation of each such series, to fix by resolution or resolutions providing for the issue of shares
thereof the designations and the voting powers, preferences and relative, participating, optional or other special rights, and the qualifications, limitations or restrictions thereof, of such series so far as not inconsistent with the provisions of this Article FOURTH applicable to all series of Preferred Stock or Preference Stock, respectively, and to the full extent now or hereafter permitted by the laws of the State of Delaware, including the following:

(a) The distinctive designation of such series and the number of shares which shall constitute such series, which number may be increased (except where otherwise provided by the Board of Directors in creating such series) or decreased (but not below the number of shares thereof then outstanding) from time to time by like action of the Board of Directors;

(b) The annual rate or rates of dividends payable on shares of such series, whether dividends shall be cumulative and, if so, the date or dates from which dividends shall be cumulative on the shares of such series, the preferences, restrictions, limitations and conditions upon the payment of dividends, and the dates on which dividends, if declared, shall be payable;

(c) Whether shares of such series shall be redeemable and, if so, the terms and conditions of such redemption, including the date or dates upon or after which they shall be redeemable, and the amount per share payable in case of redemption, which amount may vary under different conditions and at different redemption dates;

(d) The rights of the shares of such series in the event of voluntary or involuntary liquidation, dissolution or winding up of the corporation, and the relative rights of priority, if any, of payment of shares of such series;

(e) Whether shares of such series shall have a purchase, retirement or sinking fund for the purchase, retirement, or redemption of shares of such series and, if so, the terms and provisions thereof;

(f) Whether shares of such series shall have conversion privileges and, if so, the terms and provisions thereof, including provision for adjustment of the conversion rate in such events as the Board of Directors shall determine;

(g) Whether shares of such series shall have voting rights, in addition to voting rights provided by law, and, if so, the terms and provisions thereof; and

(h) Any other preferences and relative, participating, optional or other special rights, and qualifications, limitations or restrictions thereof.

3. The holders of the Preferred Stock of each series and the holders of the Preference Stock of each series, respectively, shall be entitled to receive such dividends, when and as declared by the Board of Directors, out of funds legally available therefor, as they may be entitled to in accordance with the resolution or resolutions adopted by the Board of Directors providing for the issue of such series, payable on such dates as may be fixed in such resolution or resolutions. So long as there shall be outstanding any shares of Preferred Stock of any series or any shares of Preference Stock of any series entitled to cumulative dividends pursuant to the resolution or resolutions providing for the issue of such series, no dividend, whether in cash or property, shall be paid or declared, nor shall any distribution be made, on the Common Stock, nor shall any shares of Common Stock be purchased, redeemed or otherwise acquired for value by the corporation, if at the time of making such payment, declaration, distribution, purchase, redemption or acquisition the corporation shall be in default with respect to any dividend payable on, or obligation to maintain a purchase, retirement or sinking fund with respect to or to redeem, shares of Preferred Stock of any series or shares of Preference Stock of any series. The foregoing provisions of this Section 3 shall not, however, apply to a dividend payable in Common Stock or to the acquisition of shares of Common Stock in exchange for, or through application of the proceeds of the sale of, shares of Common Stock.

Subject to the foregoing and to any further limitations prescribed in accordance with the provisions of Section 2 of this Article FOURTH, the Board of Directors may declare, out of any funds legally available therefor, dividends upon the then outstanding shares of Common Stock, and shares of Preferred Stock of any series and shares of Preference Stock of any series shall not be entitled to participate therein.

4. In the event of any voluntary or involuntary liquidation, dissolution or winding up of the corporation, the holders of the Preferred Stock of each series and the holders of the Preference Stock of each series shall be entitled to receive, out of the assets of the corporation available for distribution to its stockholders, before any distribution of assets shall be made to the holders of the Common Stock, the amount per share fixed by the Board of Directors pursuant to Section 2 of this Article FOURTH, plus in each such case an amount equal to any cumulative dividends thereon to the date of final distribution to the holders of the Preferred Stock or to the holders of the Preference Stock, respectively; and the holders of the Common Stock shall be entitled, to the exclusion of the holders of the Preferred Stock of any and all

series and the holders of the Preference Stock of any and all series, respectively, to participate ratably in all the assets of the corporation then remaining in accordance with their respective rights and preferences. If upon any liquidation, dissolution or winding up of the corporation the assets available for distribution shall be insufficient to pay the holders of all outstanding shares of Preferred Stock or the holders of all outstanding shares of Preference Stock the full amounts to which they respectively shall be entitled, the holders of shares of Preferred Stock of all series and the holders of shares of Preference Stock of all series, respectively, shall participate ratably in any distribution of assets according to the respective amounts which would be payable in respect of the shares of Preferred Stock or shares of Preference Stock held by them upon such distribution if all amounts payable in respect of the Preferred Stock of all series or the Preference Stock of all series, respectively, were paid in full. Neither the statutory merger nor consolidation of the corporation into or with any other corporation, nor the statutory merger or consolidation of any other corporation into or with the corporation, nor a sale, transfer or lease of all or any part of the assets of the corporation, shall be deemed to be a liquidation, dissolution or winding up of the corporation within the meaning of this Section 4.

5. The corporation, at the option of the Board of Directors, may redeem the whole or any part of the Preferred Stock of any series or of the Preference Stock of any series at the price or prices and on the terms and conditions provided in the resolution or resolutions adopted by the Board of Directors providing for the issue of such series.

6. Anything herein or in any resolution or resolutions adopted by the Board of Directors providing for the issue of any series of Preferred Stock or any series of Preference Stock contained to the contrary notwithstanding, the rights of the holders of all classes of stock of the corporation in respect of dividends and purchase, retirement or sinking funds, if any, shall at all times be subject to the power of the Board of Directors from time to time to set aside such reserves and to make such other provisions, if any, as the Board of Directors shall deem to be necessary or advisable for working capital, for expansion of the corporation's business (including the acquisition of real and personal property for that purpose) and for any other purpose of the corporation.

7. Except as otherwise provided by the statutes of the State of Delaware or by the Certificate of Incorporation or by the resolution or resolutions adopted by the Board of Directors providing for the issue of any series of Preferred Stock or any series of Preference Stock, the holders of the Preferred Stock and the holders of the Preference Stock shall have no right to vote. The holders of the Preferred Stock and the holders of the Preference Stock shall not be entitled to receive notice of any meeting of stockholders at which they are not entitled to vote or consent. The holders of shares of Preference Stock shall not be entitled to more than one vote per share.

8. Except as otherwise provided by the statutes of the State of Delaware or by the Certificate of Incorporation or by the resolution or resolutions adopted by the Board of Directors providing for the issue of any series of Preferred Stock or any series of Preference Stock, the vote of the holders of all or any portion of any class of stock, as a class, shall not be required for any action whatsoever to be taken or authorized by the stockholders of the corporation, including any amendment of the Certificate of Incorporation.

9. No holder of shares of the corporation of any class or of any security or obligation convertible into, or of any warrant, option or right to subscribe for, purchase or otherwise acquire, shares of the corporation of any class, whether now or hereafter authorized, shall, as such holder, have any preemptive right whatsoever to subscribe for, purchase or otherwise acquire shares of the corporation of any class or any security or obligation convertible into, or any warrant, option or right to subscribe for,

purchase or otherwise acquire, shares of the corporation of any class, whether now or hereafter authorized.

10. If it deems it desirable so to do, the Board of Directors may from time to time issue scrip for fractional shares of stock. Such scrip shall not confer upon the holder any voting or other rights of a stockholder of the corporation, but the corporation shall from time to time, within such time as the Board of Directors may determine, issue one whole share
of stock upon the surrender of scrip for fractional shares aggregating one whole share, properly endorsed if in registered form.

Pursuant to the authority conferred by this Article FOURTH, the following series of Preferred Stock have been designated, each such series consisting of such number of shares, with such voting powers, designations, preferences and relative, participating, optional or other special rights, and qualifications, limitations or restrictions thereof as are stated and expressed in the exhibit with respect to such series attached hereto as specified below and incorporated herein by reference:

| | |
|---|---|
| ~~Exhibit A~~ | ~~1997 ESOP Cumulative Convertible Preferred Stock*~~ |
| ~~Exhibit B~~ | ~~1998 ESOP Cumulative Convertible Preferred Stock*~~ |
| ~~Exhibit C~~ | ~~1999 ESOP Cumulative Convertible Preferred Stock*~~ |
| ~~Exhibit D~~ | ~~2000 ESOP Cumulative Convertible Preferred Stock*~~ |
| ~~Exhibit E~~ | ~~2001 ESOP Cumulative Convertible Preferred Stock*~~ |
| ~~Exhibit F~~ | ~~2002 ESOP Cumulative Convertible Preferred Stock*~~ |
| ~~Exhibit G~~ | ~~2003 ESOP Cumulative Convertible Preferred Stock*~~ |
| ~~Exhibit H~~ | ~~2004 ESOP Cumulative Convertible Preferred Stock*~~ |
| ~~Exhibit I~~ | ~~2005 ESOP Cumulative Convertible Preferred Stock*~~ |
| ~~Exhibit J~~ | ~~2006 ESOP Cumulative Convertible Preferred Stock*~~ |

*Wells Fargo & Company has filed Certificates Eliminating the Certificates of Designations for each of Wells Fargo's 1997, 1998, 1999, 2000, 2001, 2002, 2003, 2004, 2005 and 2006 ESOP Cumulative Convertible Preferred Stock (Exhibits A through J above)

FIFTH: The amount of capital with which this corporation will commence business is One Thousand Dollars ($1,000.00), being twenty (20) shares of the par value of Fifty Dollars ($50.00) each.

SIXTH: The names and places of residence of the subscribers to the capital stock and the number of shares subscribed for by each are as follows:

| Name | Residence | No. of Shares |
|---|---|---|
| A. V. Lane | Wilmington, Delaware | 18 |
| C. S. Peabbles | Wilmington, Delaware | 1 |
| L. E. Gray | Wilmington, Delaware | 1 |

SEVENTH: This corporation is to have perpetual existence.

EIGHTH: The private property of the stockholders shall not be subject to the payment of corporate debts to any extent whatever.

NINTH: The number of Directors of the corporation shall be as specified in the By-Laws, and such number may from time to time be increased or decreased in such manner as may be prescribed in the By-Laws, provided the number of Directors of the corporation shall not be less than three (3). In case of any increase in the number of Directors, the additional Directors may be elected by the Board of Directors to hold office until the next annual meeting of the stockholders and until their successors are elected and qualified. In case of a vacancy in the Board of Directors, a majority of the remaining members of the Board may elect Directors to fill such vacancy.

Directors shall be stockholders.

TENTH: In furtherance and not in limitation of the powers conferred by the laws of the State of Delaware, the Board of Directors is expressly authorized:

To make, alter, amend or repeal the By-Laws of the corporation, except as otherwise provided in said By-Laws;

To determine from time to time whether and to what extent and at what times and places and under what conditions and regulations the accounts and books of the corporation, or any of them, shall be open to the inspection of the stockholders; and no stockholder shall have any right to inspect any account or book or document of the corporation except as conferred by the laws of the State of Delaware, unless and until authorized so to do by resolution of the Board of Directors, or of the stockholders.

To set apart out of any funds of the corporation available for dividends a reserve or reserves for working capital or for any other lawful purpose, and also to abolish any such reserve in the same manner in which it was created;

If the By-Laws so provide, to designate two or more of its number to constitute an Executive Committee, which Committee shall for the time being, as provided in said resolution or in the By-Laws of this corporation, have and exercise any or all of the powers of the Board of Directors in the management of the business and affairs of this corporation and have power to authorize the seal of this corporation to be affixed to all papers which may require it.

This corporation may in its By-Laws confer powers upon its Directors in addition to the foregoing and in addition to the powers and authorities expressly conferred upon them by the Statute.

Both stockholders and Directors shall have power, if the By-Laws so provide, to hold their meetings and to have one or more offices within or without the State of Delaware and to keep the books of this corporation (subject to the provisions of the Statutes) outside of the State of Delaware at such places as may be from time to time designated by the Board of Directors.

ELEVENTH: In the absence of fraud, no contract or transaction between this corporation and any other association or corporation shall be affected by the fact that any of the Directors or officers of this corporation are interested in or are Directors or officers of such other association or corporation, and any Director or officer of this corporation individually may be a party to or may be interested in any such contract or transaction of this corporation; and no such contract or transaction of this corporation with any person or persons, firm, association or corporation shall be affected by the fact that any Director or officer of this corporation is a party to or interested in such contract or transaction in any way connected with such person or persons, firm, association or corporation; provided that such contract or other transaction shall be authorized or ratified by the vote of a majority of the Directors of this corporation not so

interested; and each and every person who may become a Director or officer of this corporation is hereby relieved from any liability that might otherwise exist from thus contracting with this corporation for the benefit of himself or any person, firm, association or corporation in which he may be in anywise interested.

TWELFTH: This corporation reserves the right to amend, alter, change or repeal any provision contained in this Certificate of Incorporation in the manner now or hereafter prescribed by Statute, and all rights conferred upon stockholders herein are granted subject to this reservation.

THIRTEENTH: The Board of Directors is expressly authorized:

(i) to adopt, and from time to time to amend, one or more pension, profit sharing, retirement, and benefit plans benefiting any or all officers and employees and former officers and employees of this corporation and affiliated banks and companies;

(ii) to adopt, and from time to time to amend, one or more stock option, stock purchase, stock bonus, incentive, and compensation plans benefiting any or all officers and employees of this corporation and affiliated banks and corporations; and

(iii) to authorize affiliated banks and companies, on behalf of this corporation as a stockholder therein, to adopt, and from time to time to amend, any of said types of plans enumerated in clause (i) of this Article THIRTEENTH benefiting any or all officers and employees and former officers and employees thereof and any of said types of plans enumerated in clause (ii) of this Article THIRTEENTH benefiting any or all officers and employees thereof.

No action shall be taken under this Article except by the affirmative vote of a majority of the directors in office at the time such action is taken, and such majority shall not include any director who is a salaried officer of the corporation or of any affiliated bank or company.

FOURTEENTH: (a) Elimination of Certain Liability of Directors. A director of the corporation shall not be personally liable to the corporation or its stockholders for monetary damages for breach of fiduciary duty as a director, except for liability (i) for any breach of the director's duty of loyalty to the corporation or its stockholders, (ii) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, (iii) under Section 174 of the Delaware General Corporation Law, or (iv) for any transaction from which the director derived an improper personal benefit.

(b)(1) Right to Indemnification. Each person who was or is made a party or is threatened to be a made a party to or is involved in any action, suit or proceeding, whether civil, criminal, administrative or investigative (hereinafter a “proceeding”), by reason of the fact that he or she, or a person of whom he or she is the legal representative, is or was a director or officer of the corporation or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation or of a partnership, joint venture, trust or other enterprise, including service with respect to employee benefit plans, whether the basis of such proceeding is alleged action or inaction in an official capacity as a director, officer, employee or agent or in any other capacity while serving as a director, officer, employee or agent, shall be indemnified and held harmless by the corporation to the fullest extent authorized by the Delaware General Corporation Law, as the same exists or may hereafter be amended (but, in the case of any such amendment, only to the extent that such amendment permits the corporation to provide broader indemnification rights than said law permitted the corporation to provide prior to such amendment), against all expense, liability and loss (including attorneys' fees, judgments, fines, ERISA excise taxes or

penalties and amounts paid or to be paid in settlement) reasonably incurred or suffered by such person in connection therewith and such indemnification shall continue as to a person who has ceased to be a director, officer, employee or agent and shall inure to the benefit of his or her heirs, executors and administrators; provided, however, that, except as provided in subparagraph (b)(2), the corporation shall indemnify any such person seeking indemnification in connection with a proceeding (or part thereof) initiated by such person only if such proceeding (or part thereof) was authorized by the Board of Directors of the corporation. The right to indemnification conferred in this paragraph (b) shall be a contract right and shall include the right to be paid by the corporation the expenses incurred in defending any such proceeding in advance of its final disposition; provided, however, that, if the Delaware General Corporation Law requires, the payment of such expenses incurred by a director or officer in his or her capacity as a director or officer (and not in any other capacity in which service was or is rendered by such person while a director or officer, including, without limitation, service to an employee benefit plan) in advance of the final disposition of a proceeding, shall be made only upon delivery to the corporation of an undertaking, by or on behalf of such director or officer, to repay all amounts so advanced if it shall ultimately be determined that such director or officer is not entitled to be indemnified under this paragraph (b) or otherwise. The corporation may, by action of its Board of Directors, provide indemnification to employees and agents of the corporation with the same scope and effect as the foregoing indemnification of directors and officers.

(2) Right of Claimant to Bring Suit. If a claim under subparagraph (b)(1) is not paid in full by the corporation within 30 days after a written claim has been received by the corporation, the claimant may at any time thereafter bring suit against the corporation to recover the unpaid amount of the claim and, if successful in whole or in part, the claimant shall be entitled to be paid also the expense of prosecuting such claim. It shall be a defense to any such action (other than an action brought to enforce a claim for expenses incurred in defending any proceeding in advance of its final disposition where the required undertaking, if any is required, has been tendered to the corporation) that the claimant has not met the standards of conduct which make it permissible under the Delaware General Corporation Law for the corporation to indemnify the claimant for the amount claimed, but the burden of proving such defense shall be on the corporation. Neither the failure of the corporation (including its Board of Directors, independent legal counsel, or its stockholders) to have made a determination prior to the commencement of such action that indemnification of the claimant is proper in the circumstances because he or she has met the applicable standard of conduct set forth in the Delaware General Corporation Law, nor an actual determination by the corporation (including its Board of Directors, independent legal counsel, or its stockholders) that the claimant has not met such applicable standard of conduct, shall be a defense to the action or create a presumption that the claimant has not met the applicable standard of conduct.

(3) Non-Exclusivity of Rights. The right to indemnification and the payment of expenses incurred in defending a proceeding in advance of its final disposition conferred in this paragraph (b) shall not be exclusive of any other right which any person may have or hereafter acquire under any statute, provision of the Certificate of Incorporation, by-law, agreement, vote of stockholders or disinterested directors or otherwise.

(4) Insurance. The corporation may maintain insurance, at its expense, to protect itself and any director, officer, employee or agent of the corporation or another corporation, partnership, joint venture, trust or other enterprise against any such expense, liability or loss, whether or not the corporation would have the power to indemnify such person against such expense, liability or loss under the Delaware General Corporation Law.

IN WITNESS WHEREOF, this Restated Certificate of Incorporation is executed on behalf of the corporation by its Chairman and attested by its Secretary this 28th day of September, 2006.

/s/ Richard M. Kovacevich
Richard M. Kovacevich, Chairman

Attest: /s/ Laurel A. Holschuh
Laurel A. Holschuh, Secretary

[As filed with the Delaware Secretary of State on September 28, 2006.]

**WELLS FARGO & COMPANY**
**CERTIFICATE OF DESIGNATIONS**
**Pursuant to Section 151(g) of the**
**General Corporation Law**
**of the State of Delaware**

**DIVIDEND EQUALIZATION PREFERRED SHARES**
**(Without Par Value)**

WELLS FARGO & COMPANY, a corporation organized and existing under the laws of the State of Delaware (the "Corporation"), HEREBY CERTIFIES that, pursuant to authority conferred upon the Board of Directors of the Corporation (the "Board of Directors") by the provisions of the Restated Certificate of Incorporation of the Corporation, as amended, which authorizes the issuance of not more than 20,000,000 shares of Preferred Stock, without par value, and pursuant to authority conferred upon the Securities Committee of the Board of Directors (the "Committee") in accordance with Section 141(c) of the General Corporation Law of the State of Delaware (the "General Corporation Law"), the following resolutions were duly adopted by the Committee pursuant to the written consent of the Committee duly adopted on November 20, 2008, in accordance with Section 141(f) of the General Corporation Law:

RESOLVED, that pursuant to the authority vested in the Committee and in accordance with the resolutions of the Board of Directors dated October 2, 2008, the provisions of the Restated Certificate of Incorporation, the By-laws of the Corporation and applicable law, a series of Preferred Stock, no par value, of the Corporation be and hereby is created, and that the designation and number of shares of such series, and the voting and other powers, designations, preferences and relative, participating, optional or other rights, and the qualifications, limitations and restrictions thereof, of the shares of such series, are as follows:

1. Designation.

(a) The shares of such series of Preferred Stock shall be designated Dividend Equalization Preferred Shares ("DEPs"), and the number of shares constituting such series shall be 97,000.

(b) DEPs redeemed, purchased or otherwise acquired by the Corporation or any of its subsidiaries (other than in a bona fide fiduciary capacity) shall be cancelled and may not be reissued. DEPs may be issued in fractional shares which are whole number multiples of one one-millionth of a share, which fractional shares shall entitle the holder, in proportion to such holder's fractional share, to all rights of a holder of a whole share of DEPs.

(c) DEPs shall, with respect to distributions upon the liquidation, winding-up and dissolution of the Corporation, rank (x) senior to the Common Stock for the Liquidation Preference stated and defined in Section 3(a) below and (y) junior to each class or series of preferred stock issued in exchange for preferred stock of Wachovia Corporation established by the board of directors of Wachovia Corporation after September 1, 2001 and each class or series of preferred stock established by the Board of Directors after the date hereof.

2. Dividends. DEPs shall not entitle the holders thereof to any dividends, whether payable in cash, property, stock or otherwise.

3. Liquidation.

(a) In the event of any liquidation, dissolution or winding up of the affairs of the Corporation, whether voluntary or involuntary, the holders of full and fractional DEPs shall be entitled, before any distribution or payment is made on any date to the holders of the Common Stock or any other stock of the Corporation ranking junior to the DEPs upon liquidation, to be paid in full an amount per whole share of DEPs equal to $10.00 (the "Liquidation Preference"), together with accrued dividends to such distribution or payment date, whether or not earned or declared. If such payment shall have been made in full to all holders of DEPs, the holders of DEPs as such shall have no right or claim to any of the remaining assets of the Corporation.

(b) In the event the assets of the Corporation available for distribution to the holders of DEPs upon any liquidation, dissolution or winding up of the Corporation, whether voluntary or involuntary, shall be insufficient to pay in full all amounts to which such holders are entitled pursuant to Section 3(a), no such distribution shall be made on account of any shares of any other class or series of Preferred Stock ranking on a parity with the DEPs upon such liquidation, dissolution or winding up unless proportionate distributive amounts shall be paid on account of the DEPs, ratably in proportion to the full distributable amounts for which holders of all such parity shares are respectively entitled upon such liquidation, dissolution or winding up.

(c) Upon the liquidation, dissolution or winding up of the Corporation, the holders of DEPs then outstanding shall be entitled to be paid out of assets of the Corporation available for distribution to its shareholders all amounts to which such holders are entitled pursuant to the first paragraph of this Section 3 before any payment shall be made to the holders of Common Stock or any other stock of the Corporation ranking junior upon liquidation to the DEPs.

(d) For the purposes of this Section 3, the consolidation or merger of, or binding statutory share exchange by, the Corporation with any other corporation shall not be deemed to constitute a liquidation, dissolution or winding up of the Corporation.

4. Redemption, Conversion, Exchange.

(a) The DEPs shall not be convertible or exchangeable. Other than as described in the next sentence, the DEPs shall not be redeemable. The DEPs shall be redeemable by the Corporation, at the Corporation's option and in its sole discretion, for an amount in cash equal to the Liquidation Preference per share of DEPs, after December 31, 2021.

(b) In case of redemption of less than all of the DEPs at the time outstanding, the shares to be redeemed shall be selected pro rata or by lot as determined by the Corporation in its sole discretion, provided that the Corporation may redeem all shares held by holders of fewer than 0.100 DEPs (or by holders that would hold fewer than 0.100 DEPs following such redemption) prior to its redemption of other DEPs.

(c) Notice of any redemption shall be sent by or on behalf of the Corporation no less than 30 nor more than 60 days prior to the date specified for redemption in such notice (the "Redemption Date"), by first class mail, postage prepaid, to all holders of record of the DEPs at their last addresses as they appear on the books of the Corporation; provided, however, that no failure to give such

notice or any defect therein or in the mailing thereof shall affect the validity of the proceedings for the redemption of any DEPs except as to the holder to whom the Corporation has failed to give notice or except as to the holder to whom notice was defective. In addition to any information required by applicable law or regulation or the rules of any exchange upon which the DEPs may be listed or admitted to trading, such notice shall state (1) that such redemption is being made pursuant to the redemption provisions of this Section 5, (2) the Redemption Date, (3) the redemption price, (4) the total number of DEPs to be redeemed and, if less than all shares held by such holder are to be redeemed, the number of such shares to be redeemed, and (5) the place or places where certificates for such shares are to be surrendered for payment of the redemption price, including any procedures applicable to redemption to be accomplished through book-entry transfers. Upon the mailing of any such notice of redemption, the Corporation shall become obligated to redeem, on the Redemption Date, all shares called for redemption.

5. Voting Rights. Except as otherwise required by applicable law or regulation or the rules of a securities exchange upon which the DEPs may be listed or quoted, holders of the DEPs shall have no voting rights.

**IN WITNESS WHEREOF, WELLS FARGO & COMPANY** has caused this Certificate of Designations to be signed by Barbara S. Brett, its Senior Vice President and Assistant Treasurer, and Laurel A. Holschuh, its Secretary, this 30th day of December, 2008.

WELLS FARGO & COMPANY

By: /s/ Barbara S. Brett

Barbara S. Brett, Senior Vice President
and Assistant Treasurer

/s/ Laurel A. Holschuh
Laurel A. Holschuh, Secretary

[As filed with the Delaware Secretary of State on December 30, 2008.]

**WELLS FARGO & COMPANY**
**CERTIFICATE OF DESIGNATIONS**
**Pursuant to Section 151(g) of the**
**General Corporation Law**
**of the State of Delaware**

**CLASS A PREFERRED STOCK, SERIES I**
**(Without Par Value)**

WELLS FARGO & COMPANY, a corporation organized and existing under the laws of the State of Delaware (the "Corporation"), HEREBY CERTIFIES that, pursuant to authority conferred upon the Board of Directors of the Corporation (the "Board of Directors") by the provisions of the Restated Certificate of Incorporation of the Corporation, as amended, which authorizes the issuance of not more than 20,000,000 shares of Preferred Stock, without par value, and pursuant to authority conferred upon the Securities Committee of the Board of Directors (the "Committee") in accordance with Section 141(c) of the General Corporation Law of the State of Delaware (the "General Corporation Law"), the following resolutions were duly adopted by the Committee pursuant to the written consent of the Committee duly adopted on November 20, 2008, in accordance with Section 141(f) of the General Corporation Law:

RESOLVED, that pursuant to the authority vested in the Committee and in accordance with the resolutions of the Board of Directors dated October 2, 2008, the provisions of the Restated Certificate of Incorporation, the By-laws of the Corporation and applicable law, a series of Preferred Stock, no par value, of the Corporation be and hereby is created, and that the designation and number of shares of such series, and the voting and other powers, designations, preferences and relative, participating, optional or other rights, and the qualifications, limitations and restrictions thereof, of the shares of such series, are as follows:

Section 1. Designation. The shares of such series of Preferred Stock shall be designated Class A Preferred Stock, Series I, with no par value and a liquidation preference of $100,000 per share (hereinafter referred to as the "Series I Preferred Stock"). Each share of Series I Preferred Stock shall be identical in all respects to every other share of Series I Preferred Stock. Series I Preferred Stock will rank equally with Parity Stock, if any, and will rank senior to Junior Stock with respect to the payment of dividends and the distribution of assets in the event of any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation.

Section 2. Number of Shares. The number of shares of Series I Preferred Stock shall be 25,010. Such number may from time to time be increased (but not in excess of the total number of authorized shares of preferred stock) or decreased (but not below the number of shares of Series I Preferred Stock then outstanding) by the board of directors. Shares of Series I Preferred Stock that are redeemed, purchased or otherwise acquired by the Corporation shall be cancelled and shall revert to authorized but unissued shares of preferred stock undesignated as to series. The Corporation shall have the authority to issue fractional shares of Series I Preferred Stock.

Section 3. Definitions. As used herein with respect to Series I Preferred Stock:

"Business Day" means each Monday, Tuesday, Wednesday, Thursday or Friday on which banking institutions in Charlotte, North Carolina or New York, New York are not authorized or obligated by law, regulation or executive order to close.

"Depositary Company" shall have the meaning set forth in Section 6(d).

"Dividend Payment Date" shall have the meaning set forth in Section 4(a).

"Dividend Period" shall have the meaning set forth in Section 4(a).

"DTC" means The Depositary Trust Company, together with its successors and assigns.

"Junior Stock" means the Corporation's common stock and any other class or series of stock of the Corporation hereafter authorized over which Series I Preferred Stock has preference or priority in the payment of dividends or in the distribution of assets on any liquidation, dissolution or winding up of the Corporation.

"London Banking Day" means any day on which commercial banks are open for general business (including dealings in deposits in U.S. dollars) in London.

"Parity Stock" means any other class or series of stock of the Corporation that ranks on a par with Series I Preferred Stock in the payment of dividends or in the distribution of assets on any liquidation, dissolution or winding up of the Corporation.

"Series I Preferred Stock" shall have the meaning set forth in Section 1.

"Telerate Page 3750" means the display page so designated on the Moneyline/Telerate Service (or such other page as may replace that page on that service, or such other service as may be nominated as the information vendor, for the purpose of displaying rates or prices comparable to London Interbank Offered Rate for U.S. dollar deposits).

"Three-Month LIBOR" means, with respect to any Dividend Period, the rate (expressed as a percentage *per annum* ) for deposits in U.S. dollars for a three-month period commencing on the first day of that Dividend Period that appears on Telerate Page 3750 as of 11:00 a.m. (London time) on the second London Banking Day preceding the first day of that Dividend Period. If such rate does not appear on Telerate Page 3750, Three-Month LIBOR will be determined on the basis of the rates at which deposits in U.S. dollars for a three-month period commencing on the first day of that Dividend Period and in a principal amount of not less than $1,000,000 are offered to prime banks in the London interbank market by four major banks in the London interbank market selected by the Corporation, at approximately 11:00 a.m., London time on the second London Banking Day preceding the first day of that Dividend Period. Wachovia Bank, National Association, as calculation agent for the Preferred Stock, will request the principal London office of each of such banks to provide a quotation of its rate. If at least two such quotations are provided, Three-Month LIBOR with respect to that Dividend Period will be the arithmetic mean (rounded upward if necessary to the nearest .00001 of 1%) of such quotations. If fewer than two quotations are provided, Three-Month LIBOR with respect to that Dividend Period will be the arithmetic mean (rounded upward if necessary to the nearest .00001 of 1%) of the rates quoted by three major banks in New York City selected by the calculation agent, at approximately 11:00 a.m., New York City time, on the first day of that Dividend Period for loans in U.S. dollars to leading European banks for a three-month period commencing on the first day of that Dividend Period and in a principal amount of not less than $1,000,000. However, if the banks selected by the calculation agent to provide quotations are not quoting as described above, Three-Month LIBOR for that Dividend Period will be the same as Three-Month LIBOR as determined for the previous Dividend Period, or in the case of the first Dividend Period, the most recent rate that could have been determined in accordance with the first sentence of this paragraph had Series I Preferred Stock been outstanding. The calculation agent's establishment of Three-Month LIBOR and calculation of the amount of dividends for each Dividend Period will be on file at the principal offices of the Corporation, will be made available to any holder of Series I Preferred Stock upon request and will be final and binding in the absence of manifest error.

Section 4. Dividends.

(a) Rate. Holders of Series I Preferred Stock shall be entitled to receive, when, as and if declared by the board of directors, but only out of funds legally available therefor, non-cumulative cash dividends on the liquidation preference of $100,000 per share of Series I Preferred Stock, and no

more, payable: (1) if the Series I Preferred Stock is issued prior to March 15, 2011, semi-annually in arrears on each March 15 and September 15 through March 15, 2011 and (2) from and including the later of March 15, 2011 and the date of issuance, quarterly in arrears on each March 15, June 15, September 15 and December 15. If any date prior to March 15, 2011 specified pursuant to the preceding sentence is not a Business Day, then dividends will be payable on the first Business Day following such date, without accrual to the actual payment date; if any date on or after March 15, 2011 specified pursuant the preceding sentence is not a Business Day, then dividends will be payable on the first Business Day following such date and dividends shall accrue to the actual payment date. The term "Dividend Payment Date" means each of the following dates occurring after the date of issuance of the Series I Preferred Stock: (i) each March 15 and September 15 through September 15, 2010 and (ii) each March 15, June 15, September 15 and December 15, or if any such day in the case of this clause (ii) is not a Business Day, the next Business Day. The term "Dividend Period" means each period from and including a Dividend Payment Date (or the date of issuance of the Series I Preferred Stock for the first Dividend Payment Date) to but excluding the next Dividend Payment Date. For any Dividend Period ending prior to the Dividend Payment Date in March 2011 dividends will accrue at a rate per annum equal to 5.80%, and for any Dividend Period ending after the Dividend Payment Date in March 2011, dividends will accrue at a rate per annum equal to the greater of (x) Three-Month LIBOR for the related Dividend Period plus 0.93% and (y) 5.56975%. The amount of dividends payable for any Dividend Period (1) ending prior to the Dividend Payment Date in March 2011 shall be computed on the basis of a 360-day year consisting of twelve 30-day months and (2) beginning on or after the Dividend Payment Date in March 2011 shall be computed on the basis of a 360-day year and the actual number of days elapsed.

(b) Non-Cumulative Dividends. Dividends on shares of Series I Preferred Stock shall be non-cumulative. To the extent that any dividends payable on the shares of Series I Preferred Stock on any Dividend Payment Date are not declared and paid, in full or otherwise, on such Dividend Payment Date, then such unpaid dividends shall not cumulate and shall cease to accrue and be payable and the Corporation shall have no obligation to pay, and the holders of Series I Preferred Stock shall have no right to receive, dividends accrued for the Dividend Period ending immediately prior to such Dividend Payment Date after such Dividend Payment Date or to pay interest with respect to such dividends, whether or not dividends are declared for any subsequent Dividend Period with respect to Series I Preferred Stock, Parity Stock, Junior Stock or any other class or series of authorized preferred stock of the Corporation. Holders of Series I Preferred Stock shall not be entitled to any dividends, whether payable in cash, property or stock, in excess of full dividends for each Dividend Period on the Series I Preferred Stock. No interest, or sum of money in lieu of interest, shall be payable in respect of any Dividend Payment or Dividend Payments or failure to make any Dividend Payment or Dividend Payments.

(c) Priority of Dividends. So long as any share of Series I Preferred Stock remains outstanding, (i) no dividend shall be declared or paid or set aside for payment and no distribution shall be declared or made or set aside for payment on any Junior Stock, other than a dividend payable solely in Junior Stock, (ii) no shares of Junior Stock shall be purchased, redeemed or otherwise acquired for consideration by the Corporation, directly or indirectly (other than as a result of a reclassification of Junior Stock for or into Junior Stock, or the exchange or conversion of one share of Junior Stock for or into another share of Junior Stock, and other than through the use of the proceeds of a substantially contemporaneous sale of other shares of Junior Stock), nor shall any monies be paid to or made available for a sinking fund for the redemption of any such securities by the Corporation, and (iii) no shares of Parity Stock shall be purchased, redeemed or otherwise acquired for consideration by the Corporation otherwise than pursuant to *pro rata* offers to purchase all, or a *pro rata* portion, of the Series I Preferred Stock and such Parity Stock except by conversion into or exchange for Junior Stock, unless full dividends on all outstanding shares of Series I Preferred Stock for the then-current Dividend Period have been paid in full or declared and set aside for payment. The foregoing shall not restrict the ability of the Corporation, or any affiliate of the Corporation, to engage in any market-

making transactions in the Junior Stock or Parity Stock in the ordinary course of business. When dividends are not paid in full upon the shares of Series I Preferred Stock and any Parity Stock, all dividends declared upon shares of Series I Preferred Stock and any Parity Stock shall be declared on a proportional basis so that the amount of dividends declared per share will bear to each other the same ratio that accrued dividends for the then-current Dividend Period per share on Series I Preferred Stock, and accrued dividends, including any accumulations on Parity Stock, bear to each other. No interest will be payable in respect of any dividend payment on such offered stock that may be in arrears. If the board of directors determines not to pay any dividend or a full dividend on a Dividend Payment Date, the Corporation will provide written notice to the holders of the Series I Preferred Stock prior to such date. Subject to the foregoing, and not otherwise, such dividends (payable in cash, stock or otherwise) as may be determined by the board of directors may be declared and paid on any Junior Stock from time to time out of any funds legally available therefor, and the shares of Series I Preferred Stock shall not be entitled to participate in any such dividend.

Section 5. Liquidation Rights.

(a) Liquidation. In the event of any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation, holders of Series I Preferred Stock shall be entitled, before any distribution or payment out of the assets of the Corporation may be made to or set aside for the holders of any Junior Stock and subject to the rights of the holders of any class or series of securities ranking senior to or on parity with Series I Preferred Stock upon liquidation and the rights of the Corporation's depositors and other creditors, to receive in full a liquidation preference in an amount equal to $100,000 per share, plus an amount equal to all accrued and unpaid dividends for the then-current Dividend Period to the date of liquidation. The holder of Series I Preferred Stock shall not be entitled to any further payments in the event of any such voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation other than what is expressly provided for in this Section 5.

(b) Partial Payment. If the assets of the Corporation are not sufficient to pay in full the liquidation preference to all holders of Series I Preferred Stock and the liquidation preferences of any Parity Stock to all holders of such Parity Stock, the amounts paid to the holders of Series I Preferred Stock and to the holders of all Parity Stock shall be *pro rata* in accordance with the respective aggregate liquidation preferences of Series I Preferred Stock and all such Parity Stock.

(c) Residual Distributions. If the liquidation preference has been paid in full to all holders of Series I Preferred Stock and all holders of any Parity Stock, the holders of Junior Stock shall be entitled to receive all remaining assets of the Corporation according to their respective rights and preferences.

(d) Merger, Consolidation and Sale of Assets Not Liquidation. For purposes of this Section 5, the sale, conveyance, exchange or transfer (for cash, shares of stock, securities or other consideration) of all or substantially all of the property and assets of the Corporation shall not be deemed a voluntary or involuntary dissolution, liquidation or winding up of the affairs of the Corporation, nor shall the merger, consolidation or any other business combination transaction of the Corporation into or with any other corporation or person or the merger, consolidation or any other business combination transaction of any other corporation or person into or with the Corporation be deemed to be a voluntary or involuntary dissolution, liquidation or winding up of the affairs of the Corporation.

Section 6. Redemption.

(a) Optional Redemption. So long as full dividends for all outstanding shares of Series I Preferred Stock for the then-current Dividend Period have been paid or declared and a sum sufficient for the payment thereof set aside, the Corporation, at the option of the board of directors, may redeem in whole or in part the shares of Series I Preferred Stock at the time outstanding, at any time on or after

the later of March 15, 2011 and the date of original issuance of the Series I Preferred Stock, upon notice given as provided in Subsection (b) below, at the redemption price in effect at the redemption date as provided in this Section 6. The redemption price for shares of Series I Preferred Stock shall be $100,000 per share plus dividends that have been declared but not paid plus accrued and unpaid dividends for the then-current Dividend Period to the redemption date.

(b) Notice of Redemption. Notice of every redemption of shares of Series I Preferred Stock shall be mailed by first class mail, postage prepaid, addressed to the holders of record of the shares to be redeemed at their respective last addresses appearing on the books of the Corporation. Such mailing shall be at least 30 days and not more than 60 days before the date fixed for redemption. Notwithstanding the foregoing, if the Series I Preferred Stock is held in book-entry form through DTC, the Corporation may give such notice in any manner permitted by DTC. Any notice mailed as provided in this Subsection shall be conclusively presumed to have been duly given, whether or not the holder receives such notice, but failure duly to give such notice by mail, or any defect in such notice or in the mailing thereof, to any holder of shares of Series I Preferred Stock designated for redemption shall not affect the validity of the proceedings for the redemption of any other shares of Series I Preferred Stock. Each notice shall state (i) the redemption date; (ii) the number of shares of Series I Preferred Stock to be redeemed; (iii) the redemption price; (iv) the place or places where the Series I Preferred Stock are to be redeemed; and (v) that dividends on the shares to be redeemed will cease to accrue on the redemption date.

(c) Partial Redemption. In case of any redemption of only part of the shares of Series I Preferred Stock at the time outstanding, the shares of Series I Preferred Stock to be redeemed shall be selected either *pro rata* from the holders of record of Series I Preferred Stock in proportion to the number of Series I Preferred Stock held by such holders or by lot or in such other manner as the board of directors may determine to be fair and equitable. Subject to the provisions hereof, the board of directors shall have full power and authority to prescribe the terms and conditions upon which shares of Series I Preferred Stock shall be redeemed from time to time.

(d) Effectiveness of Redemption. If notice of redemption has been duly given and if on or before the redemption date specified in the notice all funds necessary for the redemption have been set aside by the Corporation, separate and apart from its other funds, in trust for the *pro rata* benefit of the holders of the shares called for redemption, so as to be and continue to be available therefor, or deposited by the Corporation with a bank or trust company selected by the board of directors (the "Depositary Company") in trust for the *pro rata* benefit of the holders of the shares called for redemption, then, notwithstanding that any certificate for any share so called for redemption has not been surrendered for cancellation, on and after the redemption date all shares so called for redemption shall cease to be outstanding, all dividends with respect to such shares shall cease to accrue after such redemption date, and all rights with respect to such shares shall forthwith on such redemption date cease and terminate, except only the right of the holders thereof to receive the amount payable on such redemption from such bank or trust company at any time after the redemption date the funds so deposited, without interest. The Corporation shall be entitled to receive, from time to time, from the Depositary Company any interest accrued on such funds, and the holders of any shares called for redemption shall have no claim to any such interest. Any funds so deposited and unclaimed at the end of three years from the redemption date shall, to the extent permitted by law, be released or repaid to the Corporation, and in the event of such repayment to the Corporation, the holders of record of the shares so called for redemption shall be deemed to be unsecured creditors of the Corporation for an amount equivalent to the amount deposited as stated above for the redemption of such shares and so repaid to the Corporation, but shall in no event be entitled to any interest.

Section 7. Voting Rights. The holders of Series I Preferred Stock will have no voting rights and will not be entitled to elect any directors, except as expressly provided by law.

Section 8. Conversion. The holders of Series I Preferred Stock shall not have any rights to convert such Series I Preferred Stock into shares of any other class of capital stock of the Corporation.

Section 9. Rank. Notwithstanding anything set forth in the Restated Certificate of Incorporation of the Corporation or this Certificate of Designations to the contrary, the board of directors, without the vote of the holders of the Series I Preferred Stock, may authorize and issue additional shares of Junior Stock, Parity Stock or any class of securities ranking senior to the Series I Preferred Stock as to dividends and upon any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation.

Section 10. Repurchase. Subject to the limitations imposed herein, the Corporation may purchase and sell Series I Preferred Stock from time to time to such extent, in such manner, and upon such terms as the board of directors may determine; provided, however, that the Corporation shall not use any of its funds for any such purchase when there are reasonable grounds to believe that the Corporation is, or by such purchase would be, rendered insolvent.

Section 11. Unissued or Reacquired Shares. Shares of Series I Preferred Stock not issued or which have been issued and converted, redeemed or otherwise purchased or acquired by the Corporation shall be restored to the status of authorized but unissued shares of Preferred Stock without designation as to series.

Section 12. No Sinking Fund. Shares of Series I Preferred Stock are not subject to the operation of a sinking fund.

**IN WITNESS WHEREOF, WELLS FARGO & COMPANY** has caused this Certificate of Designations to be signed by Barbara S. Brett, its Senior Vice President and Assistant Treasurer, and Laurel A. Holschuh, its Secretary, this 30th day of December, 2008.

WELLS FARGO & COMPANY

By: /s/ Barbara S. Brett
Barbara S. Brett, Senior Vice President
and Assistant Treasurer

/s/ Laurel A. Holschuh
Laurel A. Holschuh, Secretary

[As filed with the Delaware Secretary of State on December 30, 2008.]

**WELLS FARGO & COMPANY**
**CERTIFICATE OF DESIGNATIONS**
**Pursuant to Section 151(g) of the**
**General Corporation Law**

**of the State of Delaware**

**FIXED-TO-FLOATING RATE NON-CUMULATIVE PERPETUAL CLASS A PREFERRED STOCK, SERIES K**
**(Without Par Value)**

WELLS FARGO & COMPANY, a corporation organized and existing under the laws of the State of Delaware (the "Corporation"), HEREBY CERTIFIES that, pursuant to authority conferred upon the Board of Directors of the Corporation (the "Board of Directors") by the provisions of the Restated Certificate of Incorporation of the Corporation, as amended, which authorizes the issuance of not more than 20,000,000 shares of Preferred Stock, without par value, and pursuant to authority conferred upon the Securities Committee of the Board of Directors (the "Committee") in accordance with Section 141(c) of the General Corporation Law of the State of Delaware (the "General Corporation Law"), the following resolutions were duly adopted by the Committee pursuant to the written consent of the Committee duly adopted on November 20, 2008, in accordance with Section 141(f) of the General Corporation Law:

RESOLVED, that pursuant to the authority vested in the Committee and in accordance with the resolutions of the Board of Directors dated October 2, 2008, the provisions of the Restated Certificate of Incorporation, the By-laws of the Corporation and applicable law, a series of Preferred Stock, no par value, of the Corporation be and hereby is created, and that the designation and number of shares of such series, and the voting and other powers, designations, preferences and relative, participating, optional or other rights, and the qualifications, limitations and restrictions thereof, of the shares of such series, are as follows:

Section 1. Designation. The shares of such series of Preferred Stock shall be designated Fixed-to-Floating Rate non Cumulative Perpetual Class A Preferred Stock, Series K, with no par value and a liquidation preference of $1,000 per share (hereinafter referred to as the "Series K Preferred Stock"). Each share of Series K Preferred Stock shall be identical in all respects to every other share of Series K Preferred Stock. Series K Preferred Stock will rank equally with Parity Stock, if any, and will rank senior to Junior Stock with respect to the payment of dividends and the distribution of assets in the event of any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation.

Section 2. Number of Shares. The number of shares of Series K Preferred Stock shall be 3,500,000. Such number may from time to time be increased (but not in excess of the total number of authorized shares of Preferred Stock) or decreased (but not below the number of shares of Series K Preferred Stock then outstanding) by the board of directors. Shares of Series K Preferred Stock that are redeemed, purchased or otherwise acquired by the Corporation shall be cancelled and shall revert to authorized but unissued shares of Preferred Stock undesignated as to series. The Corporation shall have the authority to issue fractional shares of Series K Preferred Stock.

Section 3. Definitions. As used herein with respect to Series K Preferred Stock:

"Business Day" means each Monday, Tuesday, Wednesday, Thursday or Friday on which banking institutions in Charlotte, North Carolina or New York, New York are not authorized or obligated by law, regulation or executive order to close.

"Depositary Company" shall have the meaning set forth in Section 6(d).

"Dividend Payment Date" shall have the meaning set forth in Section 4(a).

"Dividend Period" shall have the meaning set forth in Section 4(a).

"DTC" means The Depositary Trust Company, together with its successors and assigns.

"Fixed Rate Period" shall have the meaning set forth in Section 4(a).

"Floating Rate Period" shall have the meaning set forth in Section 4(a).

"Junior Stock" means the Corporation's common stock and any other class or series of stock of the Corporation hereafter authorized over which Series K Preferred Stock has preference or priority in the payment of dividends or in the distribution of assets in the event of any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation.

"London Banking Day" means any day on which commercial banks are open for general business (including dealings in deposits in U.S. dollars) in London.

"Nonpayment Event" shall have the meaning set forth in Section 7(a).

"Parity Stock" means any other class or series of stock of the Corporation that ranks on a par with Series K Preferred Stock in the payment of dividends (whether such dividends are cumulative or non-cumulative) or in the distribution of assets in the event of any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation.

"Preferred Stock Directors" shall have the meaning set forth in Section 7(a).

"Reuters Screen LIBOR01 page" means the display page so designated on Reuters (or such other page as may replace that page on that service, or such other service as may be nominated as the information vendor, for the purpose of displaying rates or prices comparable to London Interbank Offered Rate for U.S. dollar deposits).

"Series K Preferred Stock" shall have the meaning set forth in Section 1.

"Three-Month LIBOR" means, with respect to any Dividend Period beginning on or after March 15, 2018, the rate for deposits in U.S. dollars for a three-month period that appears on Reuters Screen LIBOR01 page as of 11:00 a.m. (London time) on the second London Banking Day preceding the first day of that Dividend Period. If the rate described above does not appear on Reuters Screen LIBOR01 page, Three-Month LIBOR will be determined on the basis of the rates at which deposits in U.S. dollars for a three-month period and in a principal amount of not less than $1,000,000 are offered to prime banks in the London interbank market by four major banks in the London interbank market selected by us, at approximately 11:00 a.m., London time on the second London Banking Day preceding the first day of that Dividend Period. Wachovia Bank, National Association, as calculation agent for the Preferred Stock, will request the principal London office of each of such banks to provide a quotation of its rate. If

at least two such quotations are provided, Three-Month LIBOR with respect to that Dividend Period will be the arithmetic mean (rounded upward if necessary to the nearest .00001 of 1%) of such quotations. If fewer than two quotations are provided, Three-Month LIBOR with respect to that Dividend Period will be the arithmetic mean (rounded upward if necessary to the nearest .00001 of 1%) of the rates quoted by three major banks in New York, New York, selected by the calculation agent, at approximately 11:00 a.m., New York City time, on the first day of that Dividend Period for loans in U.S. dollars to leading European banks for a three-month period and in a principal amount of not less than $1,000,000. However, if the banks selected by the calculation agent to provide quotations are not quoting as described above, Three-Month LIBOR for that Dividend Period will be the same as Three-Month LIBOR as determined for the previous Dividend Period, or in the case of the first Dividend Period, the most recent rate that could have been determined in accordance with the first sentence of this paragraph had the Preferred Stock been outstanding. The calculation agent's establishment of Three-Month LIBOR and calculation of the amount of dividends for each Dividend Period will be on file at our principal offices, will be made available to any holder of Preferred Stock upon request and will be final and binding in the absence of manifest error.

"Voting Parity Stock" means any Parity Stock having similar voting rights as the Series K Preferred Stock.

Section 4. Dividends.

(a) Rate. Holders of Series K Preferred Stock shall be entitled to receive, when, as and if declared by the board of directors, but only out of funds legally available therefor, non-cumulative cash dividends on the liquidation preference of $1,000 per share of Series K Preferred Stock, and no more, from the date of issuance to, but excluding March 15, 2018 at a rate of 7.98% per annum (the "Fixed Rate Period") payable semi-annually in arrears on each March 15 and September 15, beginning on September 15, 2008. Thereafter, declared dividends will be at a floating rate equal to Three-Month LIBOR plus 3.77% per annum, payable quarterly in arrears, on March 15, June 15, September 15 and December 15 of each year, beginning on June 15, 2018 (the "Floating Rate Period"). If any date specified pursuant to the preceding sentence is not a Business Day, then dividends will be payable on the first Business Day following such date and dividends shall accrue to the actual payment date. The term "Dividend Payment Date" means, with respect to the Fixed Rate Period, March 15 and September 15, and with respect to the Floating Rate Period, March 15, June 15, September 15 and December 15, or if any such day in the case of this clause is not a Business Day, the next Business Day. The term "Dividend Period" means each period from and including a Dividend Payment Date (or the date of issuance of the Series K Preferred Stock for the first Dividend Payment Date) to but excluding the next Dividend Payment Date; provided that the first Dividend Period shall be deemed to have commenced on December 15, 2008. The amount of dividends payable for any Dividend Period during the Fixed Rate Period shall be computed on the basis of a 360-day year consisting of twelve 30-day months. The amount of dividends payable for any Dividend Period during the Floating Rate Period shall be computed on the basis of actual number of days in a Dividend Period and a 360-day year.

(b) Non-Cumulative Dividends. Dividends on shares of Series K Preferred Stock shall be non-cumulative. To the extent that any dividends payable on the shares of Series K Preferred Stock on any Dividend Payment Date are not declared and paid, in full or otherwise, on such Dividend Payment Date, then such unpaid dividends shall not cumulate and shall cease to accrue and be payable and the Corporation shall have no obligation to pay, and the holders of Series K Preferred Stock shall have no right to receive, dividends accrued for the Dividend Period ending immediately prior to such Dividend Payment Date after such Dividend Payment Date, whether or not dividends are declared for any subsequent Dividend Period with respect to Series K Preferred Stock, Parity Stock, Junior Stock or any

other class or series of authorized preferred stock of the Corporation. Holders of Series K Preferred Stock shall not be entitled to any dividends, whether payable in cash, property or stock, in excess of full dividends for each Dividend Period on the Series K Preferred Stock. No interest, or sum of money in lieu of interest, shall be payable in respect of any Dividend Payment or Dividend Payments or failure to make any Dividend Payment or Dividend Payments.

(c) Priority of Dividends. So long as any share of Series K Preferred Stock remains outstanding, unless full dividends on all outstanding shares of Series K Preferred Stock for the then-current Dividend Period have been paid in full or declared and set aside for payment, (i) no dividend shall be declared or paid or set aside for payment and no distribution shall be declared or made or set aside for payment on any Junior Stock, other than a dividend payable solely in Junior Stock, (ii) no shares of Junior Stock shall be purchased, redeemed or otherwise acquired for consideration by the Corporation, directly or indirectly (other than as a result of a reclassification of Junior Stock for or into Junior Stock, or the exchange or conversion of one share of Junior Stock for or into another share of Junior Stock, and other than through the use of the proceeds of a substantially contemporaneous sale of other shares of Junior Stock), nor shall any monies be paid to or made available for a sinking fund for the redemption of any such securities by the Corporation, and (iii) no shares of Parity Stock shall be purchased, redeemed or otherwise acquired for consideration by the Corporation, directly or indirectly (other than as a result of a reclassification of Parity Stock for or into Parity Stock or Junior Stock, or the exchange or conversion of one share of Parity Stock for or into another share of Parity Stock or for or into Junior Stock, and other than through the use of the proceeds of a substantially contemporaneous sale of other shares of Parity Stock or Junior Stock), nor shall any monies be paid to or made available for a sinking fund for the redemption of any such securities by the Corporation, otherwise than pursuant to *pro rata* offers to purchase all, or a *pro rata* portion, of the Series K Preferred Stock and such Parity Stock. The foregoing shall not restrict the ability of the Corporation, or any affiliate of the Corporation, to engage in any market-making transactions in the Junior Stock or Parity Stock in the ordinary course of business. When dividends are not paid in full upon the shares of Series K Preferred Stock and any Parity Stock, all dividends declared upon shares of Series K Preferred Stock and any Parity Stock shall be declared on a proportional basis so that the amount of dividends declared per share will bear to each other the same ratio that accrued dividends for the then-current Dividend Period per share on Series K Preferred Stock, and accrued dividends, including any accumulations, on Parity Stock, bear to each other. No interest will be payable in respect of any dividend payment on such Parity Stock that may be in arrears. If the board of directors determines not to pay any dividend or a full dividend on a Dividend Payment Date, the Corporation will provide written notice to the holders of the Series K Preferred Stock prior to such date. Subject to the foregoing, and not otherwise, such dividends (payable in cash, stock or otherwise) as may be determined by the board of directors may be declared and paid on any Junior Stock from time to time out of any funds legally available therefor, and the shares of Series K Preferred Stock shall not be entitled to participate in any such dividend.

Section 5. Liquidation Rights.

(a) Liquidation. In the event of any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation, holders of Series K Preferred Stock shall be entitled, before any distribution or payment out of the assets of the Corporation may be made to or set aside for the holders of any Junior Stock and subject to the rights of the holders of any class or series of securities ranking senior to or on parity with Series K Preferred Stock upon liquidation and the rights of the Corporation's depositors and other creditors, to receive in full a liquidation preference in an amount equal to $1,000 per share, plus an amount equal to all declared and unpaid dividends for the then-current Dividend Period to the date of liquidation. The holder of Series K Preferred Stock shall not be entitled to

any further payments in the event of any such voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation other than what is expressly provided for in this Section 5.

(b) Partial Payment. If the assets of the Corporation are not sufficient to pay in full the liquidation preference to all holders of Series K Preferred Stock and the liquidation preferences of any Parity Stock to all holders of such Parity Stock, the amounts paid to the holders of Series K Preferred Stock and to the holders of all Parity Stock shall be *pro rata* in accordance with the respective aggregate liquidation preferences of Series K Preferred Stock and all such Parity Stock.

(c) Residual Distributions. If the liquidation preference has been paid in full to all holders of Series K Preferred Stock and all holders of any Parity Stock, the holders of Junior Stock shall be entitled to receive all remaining assets of the Corporation according to their respective rights and preferences.

(d) Merger, Consolidation and Sale of Assets Not Liquidation. For purposes of this Section 5, the sale, conveyance, exchange or transfer (for cash, shares of stock, securities or other consideration) of all or substantially all of the property and assets of the Corporation shall not be deemed a voluntary or involuntary dissolution, liquidation or winding up of the affairs of the Corporation, nor shall the merger, consolidation or any other business combination transaction of the Corporation into or with any other corporation or person or the merger, consolidation or any other business combination transaction of any other corporation or person into or with the Corporation be deemed to be a voluntary or involuntary dissolution, liquidation or winding up of the affairs of the Corporation.

Section 6. Redemption.

(a) Optional Redemption. So long as full dividends for all outstanding shares of Series K Preferred Stock and Parity Stock for the then-current Dividend Period have been paid or declared and a sum sufficient for the payment thereof set aside, and subject to applicable regulatory approvals, the Corporation, at the option of the board of directors, may redeem in whole or in part the shares of Series K Preferred Stock at the time outstanding, on any Dividend Payment Date on or after March 15, 2018 upon notice given as provided in Subsection (b) below, at the redemption price in effect at the redemption date as provided in this Section 6. The redemption price for shares of Series K Preferred Stock shall be $1,000 per share plus declared and unpaid dividends for the then-current Dividend Period, without interest.

(b) Notice of Redemption. Notice of every redemption of shares of Series K Preferred Stock shall be mailed by first class mail, postage prepaid, addressed to the holders of record of the shares to be redeemed at their respective last addresses appearing on the books of the Corporation. Such mailing shall be at least 30 days and not more than 60 days before the date fixed for redemption. Notwithstanding the foregoing, if the Series K Preferred Stock is held in book-entry form through DTC, the Corporation may give such notice in any manner permitted by DTC. Any notice mailed as provided in this Subsection shall be conclusively presumed to have been duly given, whether or not the holder receives such notice, but failure duly to give such notice by mail, or any defect in such notice or in the mailing thereof, to any holder of shares of Series K Preferred Stock designated for redemption shall not affect the validity of the proceedings for the redemption of any other shares of Series K Preferred Stock. Each notice shall state (i) the redemption date; (ii) the number of shares of Series K Preferred Stock to be redeemed; (iii) the redemption price; and (iv) the place or places where the Series K Preferred Stock are to be redeemed.

(c) Partial Redemption. In case of any redemption of only part of the shares of Series K Preferred Stock at the time outstanding, the shares of Series K Preferred Stock to be redeemed shall be selected either *pro rata* from the holders of record of Series K Preferred Stock in proportion to the number

of Series K Preferred Stock held by such holders or by lot or in such other manner as the board of directors may determine to be fair and equitable. Subject to the provisions hereof, the board of directors shall have full power and authority to prescribe the terms and conditions upon which shares of Series K Preferred Stock shall be redeemed from time to time.

(d) Effectiveness of Redemption. If notice of redemption has been duly given and if on or before the redemption date specified in the notice all funds necessary for the redemption have been set aside by the Corporation, separate and apart from its other funds, in trust for the *pro rata* benefit of the holders of the shares called for redemption, so as to be and continue to be available therefor, or deposited by the Corporation with a bank or trust company selected by the board of directors (the "Depositary Company") in trust for the *pro rata* benefit of the holders of the shares called for redemption, then, notwithstanding that any certificate for any share so called for redemption has not been surrendered for cancellation, on and after the redemption date all shares so called for redemption shall cease to be outstanding, all dividends with respect to such shares shall cease to accrue after such redemption date, and all rights with respect to such shares shall forthwith on such redemption date cease and terminate, except only the right of the holders thereof to receive the amount payable on such redemption from such bank or trust company at any time after the redemption date the funds so deposited, without interest. The Corporation shall be entitled to receive, from time to time, from the Depositary Company any interest accrued on such funds, and the holders of any shares called for redemption shall have no claim to any such interest. Any funds so deposited and unclaimed at the end of three years from the redemption date shall, to the extent permitted by law, be released or repaid to the Corporation, and in the event of such repayment to the Corporation, the holders of record of the shares so called for redemption shall be deemed to be unsecured creditors of the Corporation for an amount equivalent to the amount deposited as stated above for the redemption of such shares and so repaid to the Corporation, but shall in no event be entitled to any interest.

Section 7. Voting Rights. The holders of Series K Preferred Stock shall not have any voting rights except as set forth below or as otherwise from time to time required by applicable law.

(a) Right To Elect Two Directors Upon Nonpayment Events. If and whenever the dividends on the Series K Preferred Stock or any class or series of Voting Parity Stock have not been declared and paid in an aggregate amount equal to full dividends for at least six Dividend Periods or their equivalent (whether or not consecutive) (a "Nonpayment Event"), the number of directors then constituting the board of directors shall automatically be increased by two and the holders of Series K Preferred Stock, voting together as a single and separate class with the holders of any outstanding shares of Voting Parity Stock, shall be entitled to elect the two additional directors (the "Preferred Stock Directors") by a plurality of the votes cast, *provided* that it shall be a qualification for election for any such Preferred Stock Director that the election of such director shall not cause the Corporation to violate the corporate governance requirement of the New York Stock Exchange (or any other securities exchange or other trading facility on which securities of the Corporation may then be listed or traded) that listed or traded companies must have a majority of independent directors, and *provided further* that the board of directors shall at no time include more than two Preferred Stock Directors (including, for purposes of this limitation, all directors that the holders of any series of Voting Parity Stock are entitled to elect pursuant to like voting rights).

In the event that the holders of Series K Preferred Stock and such other holders of Voting Parity Stock shall be entitled to vote for the election of the Preferred Stock Directors following a Nonpayment Event, such directors shall be initially elected following such Nonpayment Event at the Corporation's next annual meeting of shareholders, and, except as provided below, at each subsequent annual meeting of shareholders of the Corporation.

When dividends have been paid in full on the Series K Preferred Stock and any and all Voting Parity Stock for at least four consecutive Dividend Periods or their equivalent after a Nonpayment Event, then the right of the holders of Series K Preferred Stock to elect the Preferred Stock Directors shall cease (but subject always to revesting of such voting rights in the case of any future Nonpayment Event), and, if and when all rights of holders of Series K Preferred Stock and Voting Parity Stock to elect the Preferred Stock Directors shall have ceased, the terms of office of all the Preferred Stock Directors shall forthwith terminate and the number of directors constituting the board of directors shall automatically be reduced accordingly.

Any Preferred Stock Director may be removed at any time without cause by the holders of a majority of the outstanding shares of Series K Preferred Stock and Voting Parity Stock, when they have the voting rights described above (voting together as a single and separate class). In case any vacancy shall occur among the Preferred Stock Directors, a successor shall be elected by a plurality of the votes cast by the holders of Series K Preferred Stock and Voting Parity Stock having the voting rights described above, voting together as a single and separate class. The Preferred Stock Directors shall each be entitled to one vote per director on any matter that shall come before the board of directors for a vote.

(b) Other Voting Rights. So long as any shares of Series K Preferred Stock are outstanding, in addition to any other vote or consent of shareholders required by law or by the certificate of incorporation, the vote or consent of the holders of at least 66 2/3% of the shares of Series K Preferred Stock at the time outstanding and entitled to vote thereon, voting separately as a single class with all other series of preferred stock ranking equally with the Series K Preferred Stock and entitled to vote thereon, given in person or by proxy, either in writing without a meeting or by vote at any meeting called for the purpose, shall be necessary for effecting or validating any of the following actions, whether or not such approval is required by Delaware law:

(i) Issuance of Senior Stock. The issuance of any class or series of preferred stock of the Corporation ranking senior to the Series K Preferred Stock with respect to either the payment of dividends or the distribution of assets in the event of any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation;

(ii) Amendment Affecting Series K Preferred Stock. Any amendment, alteration or repeal of any provision of the certificate of incorporation or bylaws so as to adversely affect the rights, preferences, privileges or voting powers of the Series K Preferred Stock;

(iii) Authorization of Senior Stock. Any amendment or alteration of any provision of the certificate of incorporation or bylaws to authorize, create or increase the authorized amount of, any shares of, or any securities convertible into shares of, any class or series of capital stock of the Corporation ranking senior to the Series K Preferred Stock with respect to either the payment of dividends or the distribution of assets in the event of any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation; or

(iv) Share Exchanges, Reclassifications, Mergers and Consolidations. Any consummation of a binding share exchange or reclassification involving the Series K Preferred Stock, or of a merger or consolidation of the Corporation with another corporation or other entity, unless in each case (x) the shares of Series K Preferred Stock remain outstanding or, in the case of any such merger or consolidation with respect to which the Corporation is not the surviving or resulting corporation, are converted into or exchanged for preference securities of the surviving or resulting corporation or a

corporation controlling such corporation, and (y) such Series K Preferred Stock shares remaining outstanding or such preference securities, as the case may be, have such rights, preferences, privileges and voting powers, taken as a whole, as are not materially less favorable to the holders thereof than the rights, preferences, privileges and voting powers of the Series K Preferred Stock, taken as a whole; *provided*, *however*, that any amendment of the certificate of incorporation to authorize or create or to increase the authorized amount of any Junior Stock or any class or series or any securities convertible into shares of any class or series of Parity Stock or Junior Stock will not be deemed to adversely affect the rights, preferences, privileges or voting powers of the Series K Preferred Stock, and the Series K Preferred Stock shall have no right to vote thereon.

If any amendment, alteration, repeal, share exchange, reclassification, merger or consolidation specified in this Section 7(b) would adversely affect one or more but not all series of voting preferred stock (including the Series K Preferred Stock), then only those series affected by and entitled to vote on the matter shall vote on the matter together as a single class (in lieu of all other series of preferred stock).

(c) Changes for Clarification. Without the consent of the holders of Series K Preferred Stock, so long as such action does not adversely affect the rights, preferences, privileges and voting powers, and limitations and restrictions thereof, of the Series K Preferred Stock, the Corporation may amend, alter, supplement or repeal any terms of the Series K Preferred Stock:

(i) to cure any ambiguity, or to cure, correct or supplement any provision contained in this Certificate of Designations that may be defective or inconsistent; or

(ii) to make any provision with respect to matters or questions arising with respect to the Series K Preferred Stock that is not inconsistent with the provisions of this Certificate of Designations.

(d) Changes after Provision for Redemption. No vote or consent of the holders of Series K Preferred Stock shall be required pursuant to this Section 7 if, at or prior to the time when any such vote or consent would otherwise be required pursuant to such Section, all outstanding shares of Series K Preferred Stock shall have been redeemed, or shall have been called for redemption upon proper notice and sufficient funds shall have been set aside for such redemption, in each case pursuant to Section 6.

(e) Procedures for Voting and Consents. The rules and procedures for calling and conducting any meeting of the holders of Series K Preferred Stock (including, without limitation, the fixing of a record date in connection therewith), the solicitation and use of proxies at such a meeting, the obtaining of written consents and any other aspect or matter with regard to such a meeting or such consents shall be governed by any rules the board of directors, in its discretion, may adopt from time to time, which rules and procedures shall conform to the requirements of the certificate of incorporation, the bylaws, applicable law and any national securities exchange or other trading facility in which the Series K Preferred Stock is listed or traded at the time. Whether the vote or consent of the holders of a plurality, majority or other portion of the shares of Series K Preferred Stock and any Voting Parity Stock has been cast or given on any matter on which the holders of shares of Series K Preferred Stock are entitled to vote shall be determined by the Corporation by reference to the specified liquidation amounts of the shares voted or covered by the consent.

For purposes of determining the voting rights of the holders of Series K Preferred Stock under this Section 7, each holder will be entitled to one vote for each $1,000 of liquidation preference to which

his or her shares are entitled. Holders of shares of Series K Preferred Stock will be entitled to one vote for each such share of Series K Preferred Stock held by them.

Section 8. Conversion. The holders of Series K Preferred Stock shall not have any rights to convert such Series K Preferred Stock into shares of any other class of capital stock of the Corporation.

Section 9. Rank. Notwithstanding anything set forth in the certificate of incorporation or this Certificate of Designations to the contrary, the board of directors, without the vote of the holders of the Series K Preferred Stock, may authorize and issue additional shares of Junior Stock or Parity Stock.

Section 10. Repurchase. Subject to the limitations imposed herein, the Corporation may purchase and sell Series K Preferred Stock from time to time to such extent, in such manner, and upon such terms as the board of directors may determine; *provided*, *however*, that the Corporation shall not use any of its funds for any such purchase when there are reasonable grounds to believe that the Corporation is, or by such purchase would be, rendered insolvent.

Section 11. Unissued or Reacquired Shares. Shares of Series K Preferred Stock not issued or which have been issued and redeemed or otherwise purchased or acquired by the Corporation shall be restored to the status of authorized but unissued shares of Preferred Stock without designation as to series.

Section 12. No Sinking Fund. Shares of Series K Preferred Stock are not subject to the operation of a sinking fund.

**IN WITNESS WHEREOF, WELLS FARGO & COMPANY** has caused this Certificate of Designations to be signed by Barbara S. Brett, its Senior Vice President and Assistant Treasurer, and Laurel A. Holschuh, its Secretary, this 30th day of December, 2008.

WELLS FARGO & COMPANY

By: /s/ Barbara S. Brett
Barbara S. Brett, Senior Vice President
and Assistant Treasurer

/s/ Laurel A. Holschuh
Laurel A. Holschuh, Secretary

[As filed with the Delaware Secretary of State on December 30, 2008.]

**WELLS FARGO & COMPANY**
**CERTIFICATE OF DESIGNATIONS**
**Pursuant to Section 151(g) of the**
**General Corporation Law**
**of the State of Delaware**

**7.50% NON-CUMULATIVE PERPETUAL CONVERTIBLE**
**CLASS A PREFERRED STOCK, SERIES L**
**(Without Par Value)**

WELLS FARGO & COMPANY, a corporation organized and existing under the laws of the State of Delaware (the "Corporation"), HEREBY CERTIFIES that, pursuant to authority conferred upon the Board of Directors of the Corporation (the "Board of Directors") by the provisions of the Restated Certificate of Incorporation of the Corporation, as amended, which authorizes the issuance of not more than 20,000,000 shares of Preferred Stock, without par value, and pursuant to authority conferred upon the Securities Committee of the Board of Directors (the "Committee") in accordance with Section 141(c) of the General Corporation Law of the State of Delaware (the "General Corporation Law"), the following resolutions were duly adopted by the Committee pursuant to the written consent of the Committee duly adopted on November 20, 2008, in accordance with Section 141(f) of the General Corporation Law:

RESOLVED, that pursuant to the authority vested in the Committee and in accordance with the resolutions of the Board of Directors dated October 2, 2008, the provisions of the Restated Certificate of Incorporation, the By-laws of the Corporation and applicable law, a series of Preferred Stock, no par value, of the Corporation be and hereby is created, and that the designation and number of shares of such series, and the voting and other powers, designations, preferences and relative, participating, optional or other rights, and the qualifications, limitations and restrictions thereof, of the shares of such series, are as follows:

Section 1. Designation. The shares of such series of Preferred Stock shall be designated 7.50% Non-Cumulative Perpetual Convertible Class A Preferred Stock, Series L, with no par value and a liquidation preference of $1,000 per share (hereinafter referred to as the "Series L Preferred Stock"). Each share of Series L Preferred Stock shall be identical in all respects to every other share of Series L Preferred Stock. Series L Preferred Stock will rank equally with Parity Stock, if any, and will rank senior to Junior Stock with respect to the payment of dividends and the distribution of assets in the event of any voluntary or involuntary dissolution, winding-up and liquidation of the Corporation.

Section 2. Number of Shares. The authorized number of shares of Series L Preferred Stock shall be 4,025,000. Such number may from time to time be increased (but not in excess of the total number of authorized shares of Preferred Stock) or decreased (but not below the number of shares of Series L Preferred Stock then outstanding) by the board of directors. Shares of Series L Preferred Stock that are converted in accordance with the terms hereof, purchased or otherwise acquired by the Corporation shall be cancelled and shall revert to authorized but unissued shares of Preferred Stock undesignated as to series. The Corporation shall have the authority to issue fractional shares of Series L Preferred Stock.

Section 3. Definitions. As used herein with respect to Series L Preferred Stock:

"Applicable Conversion Price" at any given time means, for each share of Series L Preferred Stock, the price equal to $1,000 divided by the Applicable Conversion Rate in effect at such time.

"Applicable Conversion Rate" means the Conversion Rate in effect at any given time.

"Base Price" has the meaning set forth in Section 13(d)(i).

"Business Day" means each Monday, Tuesday, Wednesday, Thursday or Friday on which banking institutions in Charlotte, North Carolina or New York, New York are not authorized or obligated by law, regulation or executive order to close.

"Capital Stock" of any Person means any and all shares, interests, rights to purchase, warrants, options, participations or other equivalents of or interests in (however designated) equity of such Person, including any preferred stock, excluding any debt securities convertible into such equity.

"Closing Price" of the Common Stock on any date of determination means the closing sale price or, if no closing sale price is reported, the last reported sale price of the shares of the Common Stock on the New York Stock Exchange on that date. If the Common Stock is not traded on the New York Stock Exchange on any date of determination, the Closing Price of the Common Stock on such date of determination means the closing sale price as reported in the composite transactions for the principal U.S. national or regional securities exchange or securities exchange in the European Economic Area on which the Common Stock is so listed or quoted, or, if no closing sale price is reported, the last reported sale price on the principal U.S. national or regional securities exchange or securities exchange in the European Economic Area on which the Common Stock is so listed or quoted, or if the Common Stock is not so listed or quoted on a U.S. national or regional securities exchange or securities exchange in the European Economic Area, the last quoted bid price for the Common Stock in the over-the-counter market as reported by Pink Sheets LLC or a similar organization, or, if that bid price is not available, the market price of the Common Stock on that date as determined by a nationally recognized independent investment banking firm (unaffiliated with the Corporation) retained by the Corporation for this purpose. The "Closing Price" for any other share of Capital Stock shall be determined on a comparable basis, *mutatis mutandis*.

For purposes of this Certificate of Designations, all references herein to the "Closing Price" and "last reported sale price" of the Common Stock on the New York Stock Exchange shall be such closing sale price and last reported sale price as reflected on the website of the New York Stock Exchange (http://www.nyse.com) and as reported by Bloomberg Professional Service; provided that in the event that there is a discrepancy between the closing sale price or last reported sale price as reflected on the website of the New York Stock Exchange and as reported by Bloomberg Professional Service, the closing sale price and last reported sale price on the website of the New York Stock Exchange will govern.

For purposes of calculating the Closing Price, if a Reorganization Event has occurred and (1) the Exchange Property consists only of shares of common securities, the Closing Price shall be based on the Closing Price of such common securities; (2) the Exchange Property consists only of cash, the Closing Price shall be the cash amount paid per share; and (3) the Exchange Property consists of securities, cash and/or other property, the Closing Price shall be based on the sum, as applicable, of (x) the Closing Price of such common securities, (y) the cash amount paid per share of Common Stock and

(z) the value (as determined by the board of directors from time-to-time) of any other securities or property paid to holders of Common Stock in connection with the Reorganization Event.

"Common Stock" means the common stock, $1-2/3 par value per share, of the Corporation.

"Conversion Agent" means American Stock Transfer & Trust Company acting in its capacity as conversion agent for the Series L Preferred Stock, and its successors and assigns or any other conversion agent appointed by the Corporation.

"Conversion Date" has the meaning set forth in Section 13(a)(iv)(B).

"Conversion Rate" means for each share of Series L Preferred Stock, 6.3814 shares of Common Stock, plus cash in lieu of fractional shares, subject to adjustment as set forth herein.

"Current Market Price" per share of Common Stock on any date of determination means the average of the VWAP per share of Common Stock on each of the 10 consecutive VWAP Trading Days ending on the earlier of the day in question and the day before the Ex-Date or other specified date with respect to the issuance or distribution requiring such computation, appropriately adjusted to take into account the occurrence during such period of any event described in Section 14(a)(i) through (v).

"Depositary" means DTC or its nominee or any successor depositary appointed by the Corporation.

"Dividend Payment Date" has the meaning set forth in Section 4(a).

"Dividend Period" has the meaning set forth in Section 4(a).

"Dividend Threshold Amount" has the meaning set forth in Section 14(a)(iv).

"DTC" means The Depository Trust Company, together with its successors and assigns.

"Exchange Act" means the Securities Exchange Act of 1934, as amended.

"Exchange Property" has the meaning set forth in Section 15(a).

"Ex-Date" when used with respect to any issuance or distribution, means the first date on which such shares of Common Stock or other securities trade without the right to receive an issuance or distribution with respect thereto.

"Expiration Time" has the meaning set forth in Section 12(a)(v).

"Expiration Date" has the meaning set forth in Section 14(a)(v).

"Fiscal Quarter" means, with respect to the Corporation, the fiscal quarter publicly disclosed by the Corporation.

"Fundamental Change" has the meaning set forth in Section 13(d)(i).

"Holder" means the Person in whose name the shares of Series L Preferred Stock are registered, which may be treated by the Corporation, Transfer Agent, Registrar, paying agent and Conversion Agent as the absolute owner of the shares of Series L Preferred Stock for the purpose of making payment and settling conversions and for all other purposes.

"Junior Stock" means the Common Stock and any other class or series of stock of the Corporation hereafter authorized over which Series L Preferred Stock has preference or priority in the payment of dividends or in the distribution of assets in the event of any voluntary or involuntary dissolution, liquidation or winding-up of the affairs of the Corporation.

"Make-Whole Acquisition" means the occurrence, prior to any Conversion Date, of one of the following:

(a) "person" or "group" within the meaning of Section 13(d) of the Exchange Act files a Schedule TO or any schedule, form or report under the Exchange Act disclosing that such person or group has become the direct or indirect ultimate "beneficial owner," as defined in Rule 13d-3 under the Exchange Act, of common equity of the Corporation representing more than 50% of the voting power of the Common Stock; or

(b) consummation of any consolidation or merger of the Corporation or similar transaction or any sale, lease or other transfer in one transaction or a series of related transactions of all or substantially all of the consolidated assets of the Corporation and its subsidiaries, taken as a whole, to any Person other than one of the Corporation's subsidiaries, in each case, pursuant to which the Common Stock will be converted into cash, securities, or other property, other than pursuant to a transaction in which the Persons that "beneficially owned" (as defined in Rule 13d-3 under the Exchange Act) directly or indirectly, Voting Shares immediately prior to such transaction beneficially own, directly or indirectly, Voting Shares representing a majority of the total voting power of all outstanding classes of Voting Shares of the continuing or surviving Person immediately after the transaction; *provided*, *however* that a Make-Whole Acquisition will not be deemed to have occurred if at least 90% of the consideration received by holders of the Common Stock in the transaction or transactions (as determined by the board of directors) consists of shares of common securities of a Person or American Depositary Receipts in respect of such common securities that are traded on a U.S. national securities exchange or a securities exchange in the European Economic Area or that will be traded on a U.S. national securities exchange or a securities exchange in the European Economic Area when issued or exchanged in connection with a Make-Whole Acquisition.

"Make-Whole Acquisition Conversion" has the meaning set forth in Section 13(c)(i).

"Make-Whole Acquisition Conversion Period" has the meaning set forth in Section 13(c)(i).

"Make-Whole Acquisition Effective Date" has the meaning set forth in Section 13(c)(i).

"Make-Whole Acquisition Stock Price" means the price paid per share of Common Stock in the event of a Make-Whole Acquisition. If the holders of shares of Common Stock receive only cash in the Make-Whole Acquisition in a single per-share amount, other than with respect to appraisal and similar rights, the Make-Whole Acquisition Stock Price shall be the cash amount paid per share of Common Stock. For purposes of the preceding sentence as applied to a Make-Whole Acquisition of the type set forth in clause (a) of the definition Make-Whole Acquisition, a single price per share of Common Stock

shall be deemed to have been paid only if the transaction or transactions that caused the Make-Whole Acquisition to occur was a tender offer for more than 50% of the then-outstanding Common Stock. Otherwise, the Make-Whole Acquisition Stock Price shall be the average of the Closing Price per share of Common Stock on the ten Trading Days up to, but not including, the Make-Whole Acquisition Effective Date.

"Make-Whole Shares" has the meaning set forth in Section 13(c)(i).

"Mandatory Conversion Date" has the meaning set forth in Section 13(b)(iii).

"Market Disruption Event" means any of the following events that has occurred:

(a) change or quotation system on which the VWAP is determined pursuant to the definition of the VWAP Trading Day (a "Relevant Exchange") during the one-hour period prior to the close of trading for the regular trading session on the Relevant Exchange (or for purposes of determining the VWAP per share of Common Stock any period or periods aggregating one half-hour or longer during the regular trading session on the relevant day) and whether by reason of movements in price exceeding limits permitted by the Relevant Exchange, or otherwise relating to Common Stock or in futures or options contracts relating to the Common Stock on the Relevant Exchange;

(b) any event (other than an event described in clause (c)) that disrupts or impairs (as determined by the Corporation in its reasonable discretion) the ability of market participants during the one-hour period prior to the close of trading for the regular trading session on the Relevant Exchange (or for purposes of determining the VWAP per share of Common Stock any period or periods aggregating one half-hour or longer during the regular trading session on the relevant day) in general to effect transactions in, or obtain market values for, the Common Stock on the Relevant Exchange or to effect transactions in, or obtain market values for, futures or options contracts relating to the Common Stock on the Relevant Exchange; or

(c) the failure to open of the Relevant Exchange on which futures or options contracts relating to the Common Stock, are traded or the closure of such Relevant Exchange prior to its respective scheduled closing time for the regular trading session on such day (without regard to after hours or any other trading outside of the regular trading session hours) unless such earlier closing time is announced by such Relevant Exchange at least one hour prior to the earlier of the actual closing time for the regular trading session on such day and the submission deadline for orders to be entered into such Relevant Exchange for execution at the actual closing time on such day.

"Nonpayment Event" has the meaning set forth in Section 7(a).

"Notice of Mandatory Conversion" has the meaning set forth in Section 13(b)(iii).

"Parity Stock" means any other class or series of stock of the Corporation that ranks on a par with Series L Preferred Stock in the payment of dividends (whether such dividends are cumulative or non-cumulative) or in the distribution of assets in the event of any voluntary or involuntary dissolution, winding-up and liquidation of the Corporation.

"Person" means a legal person, including any individual, corporation, estate, partnership, joint venture, association, joint-stock company, limited liability company or trust.

"Preferred Stock Directors" has the meaning set forth in Section 7(a).

"Purchased Shares" has the meaning set forth in Section 12(a)(v).

"Record Date" has the meaning set forth in Section 12(d), except for purposes of Section 14.

"Reference Price" means the applicable Make-Whole Acquisition Stock Price.

"Registrar" means American Stock Transfer & Trust Company acting in its capacity as registrar for the Series L Preferred Stock, and its successors and assigns or any other registrar appointed by the Corporation.

"Relevant Exchange" has the meaning set forth above in the definition of Market Disruption Event.

"Reorganization Event" has the meaning set forth in Section 15(a).

"Series L Preferred Stock" has the meaning set forth in Section 1.

"Trading Day" means a day on which the shares of Common Stock:

(a) are not suspended from trading on any national or regional securities exchange or association or over-the-counter market at the close of business; and

(b) have traded at least once on the national or regional securities exchange or association or over-the-counter market that is the primary market for the trading of the Common Stock.

"Transfer Agent" shall mean American Stock Transfer & Trust Company acting in its capacity as transfer agent for the Series L Preferred Stock, and its successors and assigns or any other transfer agent appointed by the Corporation.

"Voting Parity Stock" means any Parity Stock having similar voting rights as the Series L Preferred Stock.

"Voting Shares" of a Person means shares of all classes of Capital Stock of such Person then outstanding and normally entitled (without regard to the occurrence of any contingency) to vote in the election of the board of directors of such Person.

"VWAP" per share of the Common Stock on any VWAP Trading Day means the per share volume-weighted average price as displayed under the heading Bloomberg VWAP on Bloomberg page WFC<equity>AQR (or its equivalent successor if such page is not available) in respect of the period from the open of trading on the relevant VWAP Trading Day until the close of trading on the relevant VWAP Trading Day (or if such volume-weighted average price is unavailable, the market price of one share of Common Stock on such VWAP Trading Days determined, using a volume-weighted average method, by a nationally recognized investment banking firm (unaffiliated with the Corporation) retained for this purpose by the Corporation). The VWAP for any other share of Capital Stock shall be determined on a comparable basis,*mutatis mutandis.*

"VWAP Trading Day" means, for purposes of determining a VWAP per share of Common Stock, a Business Day on which the Relevant Exchange (as defined in the definition of Market Disruption Event) is scheduled to be open for business and on which there has not occurred or does not exist a Market Disruption Event.

Section 4. Dividends.

(a) Rate. Holders of Series L Preferred Stock shall be entitled to receive, if, as and when declared by the board of directors, but only out of funds legally available therefor, non-cumulative cash dividends on the
liquidation preference of $1,000 per share of Series L Preferred Stock, and no more, from the date of issuance at a rate *per annum* equal to 7.50%, payable quarterly in arrears on each
March 15, June 15, September 15 and December 15, commencing June 15, 2008. The term "Dividend Payment Date" means March 15, June 15, September 15 and December 15. If any date specified pursuant the preceding sentence is not a Business Day, then dividends will be payable on the first Business Day following such date and dividends shall be payable to the actual payment date and no interest or other payment shall be paid with respect of such delay. The term "Dividend Period" means each period from and including a Dividend Payment Date (or the date of issuance of the Series L Preferred Stock for the first Dividend Payment Date) to but excluding the next Dividend Payment Date;provided that the first Dividend Period shall be deemed to have commenced on December 15, 2008. The amount of dividends payable for any Dividend Period shall be computed on the basis of a 360-day year consisting of twelve 30-day months.

(b) Non-Cumulative Dividends. Dividends on shares of Series L Preferred Stock shall be non-cumulative. To the extent that any dividends payable on the shares of Series L Preferred Stock on any Dividend Payment Date are not declared and paid, in full or otherwise, on such Dividend Payment Date, then such unpaid dividends shall not cumulate and shall cease to be payable and the Corporation shall have no obligation to pay, and the holders of Series L Preferred Stock shall have no right to receive, dividends payable in respect of the Dividend Period ending immediately prior to such Dividend Payment Date after such Dividend Payment Date, whether or not dividends are declared for any subsequent Dividend Period with respect to the Series L Preferred Stock, any Parity Stock, any Junior Stock or any other class or series of authorized preferred stock of the Corporation. Holders of Series L Preferred Stock shall not be entitled to any dividends, whether payable in cash, property or stock, in excess of full dividends for each Dividend Period on the Series L Preferred Stock. No interest, or sum of money in lieu of interest, shall be payable in respect of any Dividend Payment or Dividend Payments or failure to make any Dividend Payment or Dividend Payments.

(c) Priority of Dividends. So long as any share of Series L Preferred Stock remains outstanding and, as to any Junior Stock or Parity Stock then outstanding, unless full dividends on all outstanding shares of Series L Preferred Stock for the Dividend Period ending on or immediately prior to the dividend payment date or other payment date for such Junior Stock or Parity Stock have been paid in full or declared and set aside for payment, (i) no dividend shall be declared or paid or set aside for payment and no distribution shall be declared or made or set aside for payment on such Junior Stock (other than a dividend payable solely in Junior Stock) or on such Parity Stock, subject to the immediately following paragraph in the case of Parity Stock, (ii) no shares of Junior Stock shall be purchased, redeemed or otherwise acquired for consideration by the Corporation, directly or indirectly (other than (1) as a result of a reclassification of Junior Stock for or into Junior Stock, (2) the exchange or conversion of one share of Junior Stock for or into another share of Junior Stock, (3) through the use of the proceeds of a substantially contemporaneous sale of other shares of Junior Stock or (4) in connection with the

satisfaction of the Corporation's obligations pursuant to any contract entered into in the ordinary course prior to the beginning of such Dividend Period), nor shall any monies be paid to or made available for a sinking fund for the redemption of any such securities by the Corporation, and (iii) no shares of Parity Stock shall be purchased, redeemed or otherwise acquired for consideration by the Corporation, directly or indirectly (other than (1) as a result of a reclassification of Parity Stock for or into Parity Stock or Junior Stock, (2) the exchange or conversion of one share of Parity Stock for or into another share of Parity Stock or for or into Junior Stock, (3) through the use of the proceeds of a substantially contemporaneous sale of other shares of Parity Stock or Junior Stock or (4) in connection with the satisfaction of the Corporation's obligations pursuant to any contract entered into in the ordinary course prior to the beginning of such Dividend Period), nor shall any monies be paid to or made available for a sinking fund for the redemption of any such securities by the Corporation (other than through the use of the proceeds of a substantially contemporaneous sale described in clause (ii)(3) or (iii)(3) above), otherwise than pursuant to *pro rata* offers to purchase all, or a *pro rata* portion, of the Series L Preferred Stock and such Parity Stock.

When dividends are not paid in full upon the Series L Preferred Stock and any Parity Stock, dividends upon shares of the Series L Preferred Stock and such Parity Stock will be declared on a proportional basis, based upon the ratio of the amount of dividends declared on the Series L Preferred Stock and such Parity Stock to the amount that, if declared, would be full dividends (including accrued and unpaid dividends as to any Parity Stock that bears dividends on a cumulative basis) on the Series L Preferred Stock and such Parity Stock through the next succeeding applicable dividend payment date. If the board of directors determines not to pay any dividend or a full dividend on a Dividend Payment Date, the Corporation will provide written notice to the holders of the Series L Preferred Stock prior to such date. Subject to the foregoing, and not otherwise, such dividends (payable in cash, stock or otherwise) as may be determined by the board of directors may be declared and paid on any Junior Stock from time to time out of any funds legally available therefor, and the shares of Series L Preferred Stock shall not be entitled to participate in any such dividend.

Section 5. Liquidation Rights.

(a) Liquidation. In the event of any voluntary or involuntary dissolution, winding-up and liquidation of the Corporation, holders of Series L Preferred Stock shall be entitled, before any distribution or payment out of the assets of the Corporation may be made to or set aside for the holders of any Junior Stock and subject to the rights of the holders of any Parity Stock or class or series of securities ranking senior to or on parity with the Series L Preferred Stock upon liquidation and the rights of the Corporation's creditors, to receive in full a liquidation preference in an amount equal to $1,000 per share, plus an amount equal to all declared and unpaid dividends for the then-current Dividend Period to the date of liquidation. The holder of Series L Preferred Stock shall not be entitled to any further payments in the event of any such voluntary or involuntary dissolution, winding-up and liquidation of the Corporation other than what is expressly provided for in this Section 5.

(b) Partial Payment. If the assets of the Corporation are not sufficient to pay in full the liquidation preference to all holders of Series L Preferred Stock and the liquidation preferences of any Parity Stock to all holders of such Parity Stock, the amounts paid to the holders of Series L Preferred Stock and to the holders of all Parity Stock shall be *pro rata* in accordance with the respective aggregate liquidation preferences of Series L Preferred Stock and all such Parity Stock.

(c) Residual Distributions. If the applicable liquidation preference has been paid in full to all holders of Series L Preferred Stock and all holders of any Parity Stock, the holders of

Junior Stock shall be entitled to receive all remaining assets of the Corporation according to their respective rights and preferences.

(d) Merger, Consolidation and Sale of Assets Not Liquidation. For purposes of this Section 5, the sale, conveyance, exchange or transfer (for cash, shares of stock, securities or other consideration) of all or substantially all of the property and assets of the Corporation shall not be deemed a voluntary or involuntary dissolution, liquidation or winding-up of the affairs of the Corporation, nor shall the merger, consolidation or any other business combination transaction of the Corporation into or with any other corporation or person or the merger, consolidation or any other business combination transaction of any other corporation or person into or with the Corporation be deemed to be a voluntary or involuntary dissolution, liquidation or winding-up of the affairs of the Corporation.

Section 6. Redemption. The shares of Series L Preferred Stock shall not be redeemable.

Section 7. Voting Rights. The holders of Series L Preferred Stock shall not have any voting rights except as set forth below or as otherwise from time to time required by applicable law.

(a) Right To Elect Two Directors Upon Nonpayment Events. If after the issuance of the Series L Preferred Stock the Corporation fails to pay, or declare and set aside for payment, full dividends on the Series L Preferred Stock or any class or series of Voting Parity Stock for six Dividend Periods or their equivalent (whether or not consecutive) (a "Nonpayment Event"), the number of directors then constituting the board of directors shall automatically be increased by two and the holders of Series L Preferred Stock, voting together as a single and separate class with the holders of all outstanding shares of Voting Parity Stock, shall be entitled to elect the two additional directors (the "Preferred Stock Directors") by a plurality of the votes cast; provided that it shall be a qualification for election for any such Preferred Stock Director that the election of such director shall not cause the Corporation to violate the corporate governance requirement of the New York Stock Exchange (or any other securities exchange or other trading facility on which securities of the Corporation may then be listed or traded) that listed or traded companies must have a majority of independent directors; and provided further that the board of directors shall at no time include more than two Preferred Stock Directors (including, for purposes of this limitation, all directors that the holders of any series of Voting Parity Stock are entitled to elect pursuant to like voting rights).

In the event that the holders of Series L Preferred Stock and such other holders of Voting Parity Stock shall be entitled to vote for the election of the Preferred Stock Directors following a Nonpayment Event, such directors shall be initially elected following such Nonpayment Event at the Corporation's next annual meeting of shareholders, and, except as provided below, at each subsequent annual meeting of shareholders of the Corporation.

When dividends have been paid in full on the Series L Preferred Stock and any and all Voting Parity Stock for at least four consecutive Dividend Periods or their equivalent after a Nonpayment Event, then the right of then holders of Series L Preferred Stock to elect the Preferred Stock Directors shall cease (but subject always to revesting of such rights in the case of any future Nonpayment Event), and, if and when all rights of holders of Series L Preferred Stock and Voting Parity Stock to elect the Preferred Stock Directors shall have ceased, the terms of office of all the Preferred Stock Directors shall forthwith terminate and the number of directors constituting the board of directors shall automatically be reduced accordingly.

Any Preferred Stock Director may be removed at any time without cause by the holders of a majority of the outstanding shares of Series L Preferred Stock and Voting Parity Stock, when they have the voting rights described above (voting together as a single and separate class). In case any vacancy shall occur among the Preferred Stock Directors, a successor shall be elected by a plurality of the votes cast by the holders of Series L Preferred Stock and Voting Parity Stock having the voting rights described above, voting together as a single and separate class. The Preferred Stock Directors shall each be entitled to one vote per director on any matter that shall come before the board of directors for a vote.

(b) Other Voting Rights. So long as any shares of Series L Preferred Stock are outstanding, the vote or consent of the holders of at least 66 2/3 % of the shares of Series L Preferred Stock at the time outstanding and entitled to vote thereon, voting separately as a single class with all other classes or series of preferred stock ranking equally with the Series L Preferred Stock and entitled to vote thereon, given in person or by proxy, either in writing without a meeting or by vote at any meeting called for the purpose, shall be necessary for effecting or validating any of the following actions, whether or not such approval is required by Delaware law:

(i) Amendment Affecting Series L Preferred Stock. Any amendment, alteration or repeal of any provision of the certificate of incorporation or bylaws so as to adversely affect the rights, preferences, privileges or voting powers of the Series L Preferred Stock.

(ii) Authorization or Issuance of Senior Stock. Any amendment or alteration of any provision of the certificate of incorporation or bylaws to authorize, create or increase the authorized amount of, or any issuance of, any shares of, or any securities convertible into shares of, any class or series of Capital Stock of the Corporation ranking senior to the Series L Preferred Stock with respect to either the payment of dividends or the distribution of assets in the event of any voluntary or involuntary dissolution, winding-up and liquidation of the affairs of the Corporation; or

(iii) Share Exchanges, Reclassifications, Mergers and Consolidations. Any consummation of a binding share exchange or reclassification involving the Series L Preferred Stock, or of a merger or consolidation of the Corporation with another Person, unless in each case (x) the shares of Series L Preferred Stock remain outstanding or, in the case of any such merger or consolidation with respect to which the Corporation is not the surviving or resulting Person, are converted into or exchanged for preference securities of the surviving or resulting Person or a Person controlling such Person, and (y) such Series L Preferred Stock shares remaining outstanding or such preference securities, as the case may be, have such rights, preferences, privileges and voting powers, taken as a whole, as are not materially less favorable to the holders thereof than the rights, preferences, privileges and voting powers of the Series L Preferred Stock, taken as a whole; *provided*, *however*, that any authorization, creation or increase in the authorized amount of or issuance of Series L Preferred Stock or any class or series of Parity Stock or Junior Stock or any securities convertible into any class or series of Parity Stock (whether dividends payable in respect of such Parity Stock are cumulative or non-cumulative) or Junior Stock will be deemed not to adversely affect the rights, preferences, privileges or voting powers of the Series L Preferred Stock, and holders of the Series L Preferred Stock shall have no right to vote thereon.

If any amendment, alteration, repeal, share exchange, reclassification, merger or consolidation specified in this Section 7(b) would adversely affect one or more but not all series of voting preferred stock (including the Series L Preferred Stock), then only those series affected by and entitled to vote on the matter shall vote on the matter together as a single class (in lieu of all other series of preferred stock).

(c) Changes for Clarification. Without the consent of the holders of Series L Preferred Stock, so long as such action does not adversely affect the rights, preferences, privileges and voting powers, and
limitations and restrictions thereof, of the Series L Preferred Stock, the Corporation may amend, alter, supplement or repeal any terms of the Series L Preferred Stock:

(i) to cure any ambiguity, or to cure, correct or supplement any provision contained in this Certificate of Designations that may be defective or inconsistent; or

(ii) to make any provision with respect to matters or questions arising with respect to the Series L Preferred Stock that is not inconsistent with the provisions of this Certificate of Designations.

(d) Procedures for Voting and Consents. The rules and procedures for calling and conducting any meeting of the holders of Series L Preferred Stock (including, without limitation, the fixing of a record date in connection therewith), the solicitation and use of proxies at such a meeting, the obtaining of written consents and any other aspect or matter with regard to such a meeting or such consents shall be governed by any rules the board of directors, in its discretion, may adopt from time to time, which rules and procedures shall conform to the requirements of the certificate of incorporation, the bylaws, applicable law and any national securities exchange or other trading facility in which the Series L Preferred Stock is listed or traded at the time. Whether the vote or consent of the holders of a plurality, majority or other portion of the shares of Series L Preferred Stock and any Voting Parity Stock has been cast or given on any matter on which the holders of shares of Series L Preferred Stock are entitled to vote shall be determined by the Corporation by reference to the specified liquidation amounts of the shares voted or covered by the consent.

For purposes of determining the voting rights of the holders of Series L Preferred Stock under this Section 7, each holder will be entitled to one vote for each $1,000 of liquidation preference to which his or her shares are entitled. Holders of shares of Series L Preferred Stock will be entitled to one vote for each such share of Series L Preferred Stock held by them.

Section 8. Rank. Notwithstanding anything set forth in the certificate of incorporation or this Certificate of Designations to the contrary, the board of directors, without the vote of the holders of the Series L Preferred Stock, may authorize and issue additional shares of Junior Stock or Parity Stock.

Section 9. Repurchase. Subject to the limitations imposed herein, the Corporation may purchase and sell Series L Preferred Stock from time to time to such extent, in such manner, and upon such terms as the board of directors may determine; *provided*, *however*, that the Corporation shall not use any of its funds for any such purchase when there are reasonable grounds to believe that the Corporation is, or by such purchase would be, rendered insolvent.

Section 10. Unissued or Reacquired Shares. Shares of Series L Preferred Stock not issued or which have been issued and converted in accordance with the terms hereof or otherwise purchased or acquired by the Corporation shall be restored to the status of authorized but unissued shares of Preferred Stock without designation as to series.

Ssection 11. No Sinking Fund. Shares of Series L Preferred Stock are not subject to the operation of a sinking fund.

Section 12. Right to Convert. Each Holder shall have the right, at such Holder's option, at any time, to convert all or any portion of such Holder's Series L Preferred Stock into shares of Common Stock at the Applicable Conversion Rate (subject to the conversion procedures set forth in Section 13 herein) plus cash in lieu of fractional shares.

Section 13. Conversion.

(a) Conversion Procedures.

(i) Effective immediately prior to the close of business on the Mandatory Conversion Date or any applicable Conversion Date, dividends shall no longer be declared on any converted shares of Series L Preferred Stock and such shares of Series L Preferred Stock shall cease to be outstanding, in each case, subject to the right of Holders to receive any declared and unpaid dividends on such shares and any other payments to which they are otherwise entitled pursuant to Section 12, Section 13(b), Section 13(c), Section 13(d), Section 15 or Section 16, as applicable.

(ii) Prior to the close of business on the Mandatory Conversion Date or any applicable Conversion Date, shares of Common Stock issuable upon conversion of, or other securities issuable upon conversion of, any shares of Series L Preferred Stock shall not be deemed outstanding for any purpose, and Holders shall have no rights with respect to the Common Stock or other securities issuable upon conversion (including voting rights, rights to respond to tender offers for the Common Stock and rights to receive any dividends or other distributions on the Common Stock and/or other securities issuable upon conversion), by virtue of holding shares of Series L Preferred Stock.

(iii) The Person or Persons entitled to receive the Common Stock and/or other securities issuable upon conversion of Series L Preferred Stock shall be treated for all purposes as the record holder(s) of such shares of Common Stock and/or such other securities as of the close of business on the Mandatory Conversion Date or any applicable Conversion Date except to the extent that all or a portion of such Common Stock is subject to the limitations set forth in Section 18. In the event that a Holder shall not by written notice designate the name in which shares of Common Stock and/or cash, other securities or other property (including payments of cash in lieu of fractional shares) to be issued or paid upon conversion of shares of Series L Preferred Stock should be registered or paid or the manner in which such shares should be delivered, the Corporation shall be entitled to register and deliver such shares, and make such payment, in the name of the Holder and in the manner shown on the records of the Corporation through book-entry transfer through the Depositary.

(iv) Conversion into shares of Common Stock will occur on the Mandatory Conversion Date or any applicable Conversion Date as follows:

(A) On the Mandatory Conversion Date or applicable Conversion Date, certificates or evidence of shares in book-entry form representing shares of Common Stock shall be issued and delivered to Holders or their designee upon presentation and surrender of the certificate evidencing the Series L Preferred Stock to the Conversion Agent if shares of the Series L Preferred Stock are held in certificated form, and, if required, the furnishing of appropriate endorsements and transfer documents and the payment of all transfer and similar taxes. If a Holder's interest is a beneficial interest in a global certificate representing Series L Preferred Stock, a book-entry transfer through the Depositary will be made by the Conversion Agent upon compliance with the Depositary's procedures for converting a beneficial interest in a global security.

(B) On the date of any conversion at the option of Holders pursuant to Section 12, Section 13(c) or Section 13(d), if a Holder's interest is in certificated form, a Holder must do each of the following in order to convert:

(1) complete and manually sign the conversion notice provided by the Conversion Agent, or a facsimile of the conversion notice, and deliver this irrevocable notice to the Conversion Agent;

(2) surrender the shares of Series L Preferred Stock to the Conversion Agent;

(3) if required, furnish appropriate endorsements and transfer documents;

(4) if required, pay all transfer or similar taxes; and

(5) if required, pay funds equal to any declared and unpaid dividend payable on the next Dividend Payment Date.

If a Holder's interest is a beneficial interest in a global certificate representing Series L Preferred Stock, in order to convert a Holder must comply with clauses (3) through (5) listed above and comply with the Depositary's procedures for converting a beneficial interest in a global security.

The date on which a Holder complies with the procedures in this clause (v) is the "Conversion Date."

(C) Conversion Agent shall, on a Holder's behalf, convert the Series L Preferred Stock into shares of Common Stock and/or cash, other securities or other property (involving payments of cash in lieu of fractional shares), in accordance with the terms of the notice delivered by such Holder described in clause (B) above. If a Conversion Date on which a Holder elects to convert Series L Preferred Stock is prior to the Record Date relating to any declared dividend for the Dividend Period, such Holder will not have the right to receive any declared dividends for that Dividend Period. If a Conversion Date on which a Holder elects to convert Series L Preferred Stock or the Mandatory Conversion Date is after the Record Date for any declared dividend and prior to the Dividend Payment Date, such Holder shall receive that dividend on the relevant Dividend Payment Date if such Holder was the Holder of record on the Record Date for that dividend. Notwithstanding the preceding sentence, if the Conversion Date is after the Record Date and prior to the Dividend Payment Date, whether or not such Holder was the Holder of record on the Record Date, the Holder must pay to the Conversion Agent upon conversion of the shares of Series L Preferred Stock an amount in cash equal to the full dividend actually paid on the Dividend Payment Date for the then-current Dividend Period on the shares of Series L Preferred Stock being converted, unless the Holder's shares of Series L Preferred Stock are being converted pursuant to Section 13(b), Section 13(c) or Section 13(d).

(b) Mandatory Conversion at the Corporation's Option.

(i) On or after March 15, 2013, the Corporation may, at its option, at any time or from time to time, cause some or all of the Series L Preferred Stock to be converted into shares of Common Stock at the Applicable Conversion Rate if, for 20 Trading Days during any period of 30 consecutive Trading Days, including the last Trading Day of such period, the Closing Price of the

Common Stock exceeds 130% of the Applicable Conversion Price of the Series L Preferred Stock. The Corporation will provide Notice of Mandatory Conversion as set forth in Section 13(b)(iii) within three Trading Days after the end of the 30 consecutive Trading Day period.

(ii) If the Corporation elects to cause less than all of the Series L Preferred Stock to be converted under clause (i) above, the Conversion Agent will select the Series L Preferred Stock to be converted by lot, or on a *pro rata* basis or by another method the Conversion Agent considers fair and appropriate, including any method required by the Depositary (so long as such method is not prohibited by the rules of any stock exchange or quotation association on which the Series L Preferred Stock is then traded or quoted). If the Conversion Agent selects a portion of a Holder's Series L Preferred Stock for partial conversion at the Corporation's option and such Holder converts a portion of its shares of Series L Preferred Stock at the same time, the portion converted at such Holder's option will reduce the portion selected for conversion at the Corporation's option under this Section 13(b).

(iii) If the Corporation exercises the optional conversion right described in this Section 13(b), the Corporation shall give notice (such notice a "Notice of Mandatory Conversion") by (i) providing a notice of such conversion by first class mail to each Holder of record for the shares of Series L Preferred Stock to be converted or (ii) issuing a press release and making this information available on its website. The Conversion Date shall be a date selected by the Corporation (the "Mandatory Conversion Date"), not less than 10 days, and not more than 20 days, after the date on which the Corporation provides the Notice of Mandatory Conversion. In addition to any information required by applicable law or regulation, the Notice of Mandatory Conversion shall state, as appropriate:

(A) the Mandatory Conversion Date;

(B) the number of shares of Common Stock to be issued upon conversion of each share of Series L Preferred Stock; and

(C) the aggregate number of shares of Series L Preferred Stock to be converted.

(c) Conversion upon Make-Whole Acquisition.

(i) In the event of a Make-Whole Acquisition occurring prior to a Mandatory Conversion Date or Conversion Date, each Holder shall have the option to convert its shares of Series L Preferred Stock (a "Make-Whole Acquisition Conversion") during the period (the "Make-Whole Acquisition Conversion Period") beginning on the effective date of the Make-Whole Acquisition (the "Make-Whole Acquisition Effective Date") and ending on the date that is 30 days after the Make-Whole Acquisition Effective Date and receive an additional number of shares of Common Stock (the "Make-Whole Shares") as set forth in clause (ii) below.

(ii) The number of Make-Whole Shares per share of Series L Preferred Stock shall be determined by reference to the table below for the applicable Make-Whole Acquisition Effective Date and the applicable Make-Whole Acquisition Stock Price:

**Make-Whole Acquisition Stock Price**

| Effective Date | $ 120.54 | $ 125.57 | $ 138.12 | $ 150.68 | $ 156.71 | $ 175.79 | $ 203.72 | $ 226.02 | $ 251.13 | $ 301.36 | $ 401.81 | $ 502.26 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **April 17, 2008.....** | 1.9153 | 1.8855 | 1.5191 | 1.1110 | 0.9497 | 0.6471 | 0.3962 | 0.2847 | 0.2091 | 0.1354 | 0.0757 | **0.0458** |
| **March 15, 2009.....** | 1.9153 | 1.8775 | 1.5052 | 1.0951 | 0.9437 | 0.6331 | 0.3763 | 0.2588 | 0.1852 | 0.1175 | 0.0697 | **0.0438** |
| **March 15, 2010.....** | 1.9153 | 1.8397 | 1.4913 | 1.0871 | 0.9378 | 0.6073 | 0.3365 | 0.2210 | 0.1533 | 0.0956 | 0.0577 | **0.0358** |
| **March 15, 2011.....** | 1.9153 | 1.7899 | 1.4694 | 1.0731 | 0.9238 | 0.5794 | 0.2887 | 0.1712 | 0.1075 | 0.0657 | 0.0398 | **0.0259** |
| **March 15, 2012.....** | 1.9153 | 1.7561 | 1.4355 | 1.0652 | 0.9139 | 0.5356 | 0.2051 | 0.0896 | 0.0458 | 0.0299 | 0.0199 | **0.0119** |
| **March 15, 2013.....** | 1.9153 | 1.6704 | 1.4275 | 1.0592 | 0.9119 | 0.5097 | 0.0916 | — | — | — | — | — |
| **Thereafter. .....** | **1.9153** | **1.6704** | **1.4275** | **1.0592** | **0.9119** | **0.5097** | **0.0916** | — | — | — | — | — |

(A) The exact Make-Whole Acquisition Stock Prices and Make-Whole Acquisition Effective Dates may not be set forth in the table, in which case:

(1) if the Make-Whole Acquisition Stock Price is between two Make-Whole Acquisition Stock Price amounts in the table or the Make-Whole Acquisition Effective Date is between two dates in the table, the number of Make-Whole Shares will be determined by straight-line interpolation between the number of Make-Whole Shares set forth for the higher and lower Make-Whole Acquisition Stock Price amounts and the two Make-Whole Acquisition Effective Dates, as applicable, based on a 365-day year;

(2) if the Make-Whole Acquisition Stock Price is in excess of $502.26 per share (subject to adjustment pursuant to Section 14), no Make-Whole Shares will be issued upon conversion of the Series L Preferred Stock; and

(3) if the Make-Whole Acquisition Stock Price is less than $120.54 per share (subject to adjustment pursuant to Section 14), no Make-Whole Shares will be issued upon conversion of the Series L Preferred Stock.

(B) The Make-Whole Acquisition Stock Prices set forth in the table above are subject to adjustment pursuant to Section 14 hereof and shall be adjusted as of any date the Conversion Rate is adjusted. The adjusted Make-Whole Acquisition Stock Prices will equal the Make-Whole Acquisition Stock Prices applicable immediately prior to such adjustment multiplied by a fraction, the numerator of which is the Conversion Rate immediately prior to the adjustment giving rise to the Make-Whole Acquisition Stock Prices adjustment and the denominator of which is the Conversion Rate as so adjusted. Each of the number of Make-Whole Shares in the table shall also be subject to adjustment in the same manner as the Conversion Rate pursuant to Section 14.

(iii) On or before the twentieth day prior to the date the Corporation anticipates being the effective date for the Make-Whole Acquisition or within two business days of becoming aware of a Make-Whole Acquisition of the type set forth in clause (a) of the definition Make-Whole Acquisition, a written notice shall be sent by or on behalf of the Corporation, by first-class mail, postage prepaid, to the Holders as they appear in the records of the Corporation. Such notice shall contain:

(A) the anticipated effective date or effective date of the Make-Whole Acquisition; and

(B) the date, which shall be 30 days after the Make-Whole Acquisition Effective Date, by which a Make-Whole Acquisition Conversion must be exercised.

(iv) On the Make-Whole Acquisition Effective Date or as soon as practicable thereafter, another written notice shall be sent by or on behalf of the Corporation, by first-class mail, postage prepaid, to the Holders as they appear in the records of the Corporation. Such notice shall contain:

(A) the date that shall be 30 days after the Make-Whole Acquisition Effective Date;

(B) the number of Make-Whole Shares;

(C) the amount of cash, securities and other consideration receivable by a Holder of Series L Preferred Stock upon conversion; and

(D) the instructions a Holder must follow to exercise its conversion option in connection with such Make-Whole Acquisition.

(v) To exercise a Make-Whole Acquisition Conversion option, a Holder must, no later than 5:00 p.m., New York City time on or before the date by which the Make-Whole Acquisition Conversion option must be exercised as specified in the notice delivered under clause (iv) above, comply with the procedures set forth in Section 13(a)(iv)(B).

(vi) If a Holder does not elect to exercise the Make-Whole Acquisition Conversion option in accordance with the provisions specified in this Section 13(c), the shares of Series L Preferred Stock or successor security held by it shall remain outstanding (unless otherwise converted as provided herein), and the Holder will not be eligible to receive Make-Whole Shares.

(vii) Upon a Make-Whole Acquisition Conversion, the Conversion Agent shall, except as otherwise provided in the instructions provided by the Holder thereof in the written notice provided to the Corporation or its successor as set forth in Section 13(a)(iv) above, deliver to the Holder such cash, securities or other property as are issuable with respect to Make-Whole Shares in the Make-Whole Acquisition.

(viii) In the event that a Make-Whole Acquisition Conversion is effected with respect to shares of Series L Preferred Stock or a successor security representing less than all the shares of Series L Preferred Stock or a successor security held by a Holder, upon such Make-Whole Acquisition Conversion the Corporation or its successor shall execute and the Conversion Agent shall, unless otherwise instructed in writing, countersign and deliver to the Holder thereof, at the expense of the Corporation or its successors, a certificate evidencing the shares of Series L Preferred Stock or such successor security held by the Holder as to which a Make-Whole Acquisition Conversion was not effected.

(d) Conversion Upon Fundamental Change.

(i) If the Reference Price in connection with a Make-Whole Acquisition is less than $120.54 (a "Fundamental Change"), a Holder may elect to convert each share of Series L Preferred Stock during the period beginning on the effective date of the Fundamental Change and ending on the date that is 30 days after the effective date of such Fundamental Change at an adjusted conversion price equal to the greater of (1) the Reference Price and (2) $60.27, subject to adjustment as described in clause (ii) below (the "Base Price"). If the Reference Price is less than the Base Price, Holders will receive a maximum of 16.5916 shares of Common Stock per share of Series L Preferred Stock converted, subject to adjustment as a result of any adjustment to the Base Price described in clause (ii) below.

(ii) The Base Price shall be adjusted as of any date the Conversion Rate of the Series L Preferred Stock is adjusted pursuant to Section 14. The adjusted Base Price shall equal the Base Price applicable immediately prior to such adjustment multiplied by a fraction, the numerator of which is the Conversion Rate immediately prior to the adjustment giving rise to the Conversion Rate adjustment and the denominator of which is the Conversion Rate as so adjusted.

(iii) In lieu of issuing Common Stock upon conversion in the event of a Fundamental Change, the Corporation may at its option, and if it obtains any necessary regulatory approval, pay an amount in cash (computed to the nearest cent) equal to the Reference Price for each share of Common Stock otherwise issuable upon conversion.

(iv) On or before the twentieth day prior to the date the Corporation anticipates being the effective date for the Fundamental Change or within two business days of becoming aware of the Fundamental Change if it is a Make-Whole Acquisition of the type set forth in clause (a) of the definition Make-Whole Acquisition, a written notice shall be sent by or on behalf of the Corporation, by first-class mail, postage prepaid, to the Holders as they appear in the records of the Corporation. Such notice shall contain:

(A) the anticipated effective date of the Fundamental Change; and

(B) the date, which shall be 30 days after the anticipated effective date of a Fundamental Change, by which a Fundamental Change conversion must be exercised.

(v) On the effective date of a Fundamental Change or as soon as practicable thereafter, another written notice shall be sent by or on behalf of the Corporation, by first-class mail, postage prepaid, to the Holders as they appear in the records of the Corporation. Such notice shall contain:

(A) the date that shall be 30 days after the effective date of the Fundamental Change;

(B) the adjusted conversion price following the Fundamental Change;

(C) the amount of cash, securities and other consideration received by a Holder of Series L Preferred Stock upon conversion; and

(D) the instructions a Holder must follow to exercise its conversion option in connection with such Fundamental Change.

(vi) To exercise its conversion option upon a Fundamental Change, a Holder must, no later than 5:00 p.m., New York City time on or before the date by which the conversion option upon the Fundamental Change must be exercised as specified in the notice delivered under clause (v) above, comply with the procedures set forth in Section 13 (a)(v)(B) and indicate that it is exercising the Fundamental Change conversion option.

(vii) If a Holder does not elect to exercise its conversion option upon a Fundamental Change in accordance with the provisions specified in this Section 13(d), the shares of Series L Preferred Stock or successor security held by it shall remain outstanding (unless otherwise converted as provided herein) and the Holder will not be eligible to convert its shares pursuant to this Section 13(d).

(viii) Upon a conversion upon a Fundamental Change, the Conversion Agent shall, except as otherwise provided in the instructions provided by the Holder thereof in the written notice provided to the Corporation or its successor as set forth in Section 13(a)(iv), deliver to the Holder such cash, securities or other property as are issuable with respect to the adjusted conversion price following the Fundamental Change.

(ix) In the event that a conversion upon a Fundamental Change is effected with respect to shares of Series L Preferred Stock or a successor security representing less than all the shares of Series L Preferred Stock or a successor security held by a Holder, upon such conversion the Corporation or its successor shall execute and the Conversion Agent shall, unless otherwise instructed in writing, countersign and deliver to the Holder thereof, at the expense of the Corporation, a certificate evidencing the shares of Series L Preferred Stock or such successor security held by the Holder as to which a conversion upon a Fundamental Change was not effected.

Section 14. Anti-Dilution Adjustments.

(a) Adjustments. The Conversion Rate will be subject to adjustment, without duplication, under the following circumstances:

(i) The issuance of Common Stock as a dividend or distribution to all holders of Common Stock or a subdivision or combination of Common Stock (other than in connection with a Reorganization Event), in which event the Conversion Rate will be adjusted based on the following formula:

$$CR_1 = CR_0 \times (OS_1 / OS_0)$$

where,

$CR_0$ = the Conversion Rate in effect at the close of business on the Record Date
$CR_1$ = the Conversion Rate in effect immediately after the Record Date
$OS_0$ = the number of shares of Common Stock outstanding at the close of business on the Record Date prior to giving effect to such event
$OS_1$ = the number of shares of Common Stock that would be outstanding immediately after, and solely as a result of, such event

Notwithstanding the foregoing, (1) no adjustment will be made for the issuance of Common Stock as a dividend or distribution to all holders of Common Stock that is made in lieu of a quarterly or annual cash dividend or distribution to such holders, to the extent such dividend or distribution does not exceed the applicable Dividend Threshold Amount (with the amount of any such dividend or distribution equaling the number of such shares being issued multiplied by the average of the VWAP of the Common Stock over each of the five consecutive VWAP Trading Days prior to the Ex-Date for such dividend or distribution) and (2) in the event any dividend, distribution, subdivision or combination that is the subject of this Section 14(a)(i) is declared but not so paid or made, the Conversion Rate shall be immediately readjusted, effective as of the date the board of directors publicly announces its decision not to pay or make such dividend or distribution or effect such subdivision or combination, to the Conversion Rate that would then be in effect if such dividend or distribution had not been declared or such subdivision or combination had not been announced.

(ii) The issuance to all holders of Common Stock of certain rights or warrants (other than rights issued pursuant to a shareholder rights plan or rights or warrants issued in connection with a Reorganization Event) entitling them for a period expiring 60 days or less from the date of issuance of such rights or warrants to purchase shares of Common Stock (or securities convertible into Common Stock) at less than (or having a conversion price per share less than) the Current Market Price as of the Record Date, in which event each Conversion Rate will be adjusted based on the following formula:

$$CR_1 = CR_0 \times [(OS_0 + X) / (OS_0 + Y)]$$

where,

$CR_0$ = the Conversion Rate in effect at the close of business on the Record Date

$CR_1$ = the Conversion Rate in effect immediately after the Record Date

$OS_0$ = the number of shares of Common Stock outstanding at the close of business on the Record Date

$X$ = the total number of shares of Common Stock issuable pursuant to such rights or warrants (or upon conversion of such securities)

$Y$ = the number of shares equal to the quotient of the aggregate price payable to exercise such rights or warrants (or the conversion price for such securities paid upon conversion) divided by the average of the VWAP of the Common Stock over each of the ten consecutive VWAP Trading Days prior to the Business Day immediately preceding the announcement of the issuance of such rights or warrants

Notwithstanding the foregoing, (1) in the event that such rights or warrants described in this Section 14(a)(ii) are not so issued, the Conversion Rate shall be immediately readjusted, effective as of the date the board of directors publicly announces its decision not to issue such rights or warrants, to the Conversion Rate that would then be in effect if such issuance had not been declared and (2) to the extent that such rights or warrants are not exercised prior to their expiration or shares of the Common Stock are otherwise not delivered pursuant to such rights or warrants upon the exercise of such rights or warrants, the Conversion Rate shall be readjusted to the Conversion Rate that would then be in effect had the adjustments made upon the issuance of such rights or warrants been made on the basis of delivery of only the number of shares of Common Stock actually delivered.

In determining the aggregate price payable for such shares of the Common Stock, there shall be taken into account any consideration received by the Corporation for such rights or warrants and the value of such consideration (if other than cash, to be determined by the board of directors). If an adjustment to the Conversion Rate may be required pursuant to this Section 14(a)(ii), delivery of any additional shares of Common Stock that may be deliverable upon conversion as a result of an adjustment required pursuant to this Section 14(a)(ii) shall be delayed to the extent necessary in order to complete the calculations provided for in this Section 14(a)(ii).

(iii) The dividend or other distribution to all holders of Common Stock of shares of capital stock of the Corporation (other than Common Stock) or evidences of its indebtedness or its assets (excluding any dividend, distribution or issuance covered by clauses (a)(i) or (a)(ii) above or (a)(iv) below, any dividend or distribution in connection with a Reorganization Event or any spin-off to which the provisions set forth below in this clause (a)(iii) apply) in which event the Conversion Rate will be adjusted based on the following formula:

$$CR_1 = CR_0 \times [SP_0 / (SP_0 - FMV)]$$

where,

$CR_0$ = the Conversion Rate in effect at the close of business on the Record Date
$CR_1$ = the Conversion Rate in effect immediately after the Record Date
$SP_0$ = the Current Market Price as of the Record Date
$FMV$ = the fair market value (as determined by the board of directors) on the Record Date of the shares of capital stock of the Corporation, evidences of indebtedness or assets so distributed, applicable to one share of Common Stock

However, if the transaction that gives rise to an adjustment pursuant to this clause (iii) is one pursuant to which the payment of a dividend or other distribution on Common Stock consists of shares of capital stock of the Corporation of, or similar equity interests in, a subsidiary or other business unit of the Corporation (*i.e.,* a spin-off) that are, or, when issued, will be, traded on the New York Stock Exchange, the Nasdaq Stock Market or any other national or regional securities exchange or market, then the Conversion Rate will instead be adjusted based on the following formula:

$$CR_1 = CR_0 \times [(FMV_0 + MP_0) / MP_0]$$

where,

$CR_0$ = the Conversion Rate in effect at the close of business on the Record Date
$CR_1$ = the Conversion Rate in effect immediately after the Record Date
$FMV_0$ = the average of the VWAP of the Capital Stock distributed to holders of Common Stock applicable to one share of Common Stock over each of the 10 consecutive VWAP Trading Days commencing on and including the third VWAP Trading Day after the date on which "ex-distribution trading" commences for such dividend or distribution on the NYSE or such other national or regional exchange or association or over-the-counter market, or, if not so traded or quoted, the fair market value of the capital stock or similar equity interests distributed to holders of Common Stock applicable to one share of Common Stock as determined by the board of directors
$MP_0$ = the average of the VWAP of the Common Stock over each of the 10 consecutive VWAP Trading Days commencing on and including the third VWAP Trading Day after the date on which "ex-distribution trading" commences for such dividend or distribution on the NYSE or such other

national or regional exchange or association or over-the-counter market on which Common Stock is then traded or quoted

Notwithstanding the foregoing, (1) if any dividend or distribution of the type described in this Section 14(a)(iii) is declared but not so paid or made, the Conversion Rate shall be immediately readjusted, effective as of
the date the board of directors publicly announces its decision not to pay such dividend or distribution, to the Conversion Rate that would then be in effect if such dividend or distribution had not been declared. If an adjustment to the Conversion Rate may be required under this Section 14(a)(iii), delivery of any additional shares of Common Stock that may be deliverable upon conversion as a result of an adjustment required under this Section 14(a)(iii) shall be delayed to the extent necessary in order to complete the calculations provided for in this Section 14(a)(iii).

(iv) The Corporation makes a distribution consisting exclusively of cash to all holders of Common Stock, excluding (a) any regular cash dividend on Common Stock to the extent that the aggregate cash dividend per share of Common Stock does not exceed $1.8835 in any fiscal quarter (the "Dividend Threshold Amount") and (b) any consideration payable in connection with a tender or exchange offer made by the Corporation or any its subsidiaries referred to in clause (v) below, in which event, the Conversion Rate will be adjusted based on the following formula:

$$CR_1 = CR_0 \times [SP_0 / (SP_0 - C)]$$

where,

$CR_0$ = the Conversion Rate in effect at the close of business on the Record Date
$CR_1$ = the Conversion Rate in effect immediately after the Record Date
$SP_0$ = the Current Market Price as of the Record Date
$C$ = the amount in cash per share equal to (1) in the case of a regular quarterly dividend, the amount the Corporation distributes to holders or pays, less the Dividend Threshold Amount or (2) in any other case, the amount the Corporation distributes to holders or pays

The Dividend Threshold Amount is subject to adjustment on an inversely proportional basis whenever the Conversion Rate is adjusted; provided that no adjustment will be made to the Dividend Threshold Amount for any adjustment made to the Conversion Rate pursuant to this clause (iv).

Notwithstanding the foregoing, if any dividend or distribution of the type described in this Section 14(a)(iv) is declared but not so paid or made, the Conversion Rate shall be immediately readjusted, effective as of the date the board of directors publicly announces its decision not to pay such dividend or distribution, to the Conversion Rate that would then be in effect if such dividend or distribution had not been declared.

(v) The Corporation or one or more of its subsidiaries make purchases of Common Stock pursuant to a tender offer or exchange offer by the Corporation or a subsidiary of the Corporation for Common Stock to the extent that the cash and value (as determined by the board of directors) of any other consideration included in the payment per share of Common Stock validly tendered or exchanged exceeds the VWAP per share of Common Stock on the VWAP Trading Day next succeeding the last date on which tenders or exchanges may be made pursuant to such tender or exchange offer (the "Expiration Date"), in which event the Conversion Rate will be adjusted based on the following formula:

$CR_1 = CR_0 \times [(FMV + (SP_1 \times OS_1) / (SP_1 \times OS_0)]$

where,

$CR_0$ = the Conversion Rate in effect at the close of business on the Expiration Date

$CR_1$ = the Conversion Rate in effect immediately after the Expiration Date

$FMV$ = the fair market value (as determined by the board of directors), on the Expiration Date, of the aggregate value of all cash and any other consideration paid or payable for shares validly tendered or exchanged and not withdrawn as of the Expiration Date (the "Purchased Shares")

$OS_1$ = the number of shares of Common Stock outstanding as of the last time tenders or exchanges may be made pursuant to such tender or exchange offer (the "Expiration Time") less any Purchased Shares

$OS_0$ = the number of shares of Common Stock outstanding at the Expiration Time, including any Purchased Shares

$SP_1$ = the average of the VWAP of the Common Stock over each of the ten consecutive VWAP Trading Days commencing with the VWAP Trading Day immediately after the Expiration Date.

Notwithstanding the foregoing, if the Corporation, or one of its subsidiaries, is obligated to purchase shares of Common Stock pursuant to any such tender or exchange offer, but the Corporation or such subsidiary is permanently prevented by applicable law from effecting any such purchases, or all such purchases are rescinded, then the Conversion Rate shall be readjusted to be the Conversion Rate that would then be in effect if such tender or exchange offer had not been made. If an adjustment to the Conversion Rate may be required under this Section 14(a)(v), delivery of any additional shares of Common Stock that may be deliverable upon conversion as a result of an adjustment required under this Section 14(a)(v) shall be delayed to the extent necessary in order to complete the calculations provided for in this Section 14(a)(v).

(b) Calculation of Adjustments. All adjustments to the Conversion Rate shall be calculated by the Corporation to the nearest 1/10,000th of one share of Common Stock (or if there is not a nearest 1/10,000th of a share, to the next lower 1/10,000th of a share). No adjustment to the Conversion Rate will be required unless such adjustment would require an increase or decrease of at least one percent; *provided*, *however*, that any such minor adjustments that are not required to be made will be carried forward and taken into account in any subsequent adjustment, and provided further that any such adjustment of less than one percent that has not been made will be made prior to any conversion pursuant to Section 13(b), Section 13(c) or Section 13(d).

(c) When No Adjustment Required.

(i) Except as otherwise provided in this Section 14, the Conversion Rate will not be adjusted for the issuance of Common Stock or any securities convertible into or exchangeable for Common Stock or carrying the right to purchase any of the foregoing or for the repurchase of Common Stock.

(ii) Rights Plans. To the extent that the Corporation has a stockholders' rights plan in effect upon conversion of the Series L Preferred Stock into Common Stock, Holders will receive, in addition to any of Common Stock deliverable and in lieu of any adjustment to the Conversion Rate, the rights under the stockholders' rights plan, unless prior to any conversion, the rights

have separated from Common Stock, in which case the Conversion Rate will be adjusted at the time of separation as if we distributed to all holders of Common Stock, shares of the Corporation's Capital Stock, evidences of indebtedness or assets as described in Section 14(a)(iii). A further adjustment will occur as described in Section 14(a)(iii), if such rights become exercisable to purchase different securities, evidences of indebtedness or assets, subject to readjustment in the event of the expiration, termination or redemption of such rights.

(iii) No adjustment to the Conversion Rate need be made:

(A) upon the issuance of any shares of Common Stock pursuant to any present or future plan providing for the reinvestment of dividends or interest payable on securities of the Corporation and the investment of additional optional amounts in Common Stock under any plan;

(B) upon the issuance of any shares of Common Stock or options or rights to purchase those shares pursuant to any present or future employee, director or consultant benefit plan or program of or assumed by the Corporation or any of its subsidiaries; or

(C) upon the issuance of any shares of Common Stock pursuant to any option, warrant, right, or exercisable, exchangeable or convertible security outstanding as of the date the Series L Preferred Stock was first issued.

(iv) No adjustment to the Conversion Rate need be made for a transaction referred to in Section 14(a)(i) through (v) if Holders may participate in the transaction on a basis and with notice that the board of directors determines to be fair and appropriate in light of the basis and notice on which holders of Common Stock participate in the transaction.

(v) No adjustment to the Conversion Rate need be made for a change in the par value or no par value of the Common Stock.

(vi) No adjustment to the Conversion Rate will be made to the extent that such adjustment would result in the Conversion Price being less than the par value of the Common Stock.

(d) Record Date. For purposes of this Section 14, "Record Date" means, with respect to any dividend, distribution or other transaction or event in which the holders of the Common Stock have the right to receive any cash, securities or other property or in which the Common Stock (or other applicable security) is exchanged for or converted into any combination of cash, securities or other property, the date fixed for determination of holders of the Common Stock entitled to receive such cash, securities or other property (whether such date is fixed by the board of directors or by statute, contract or otherwise).

(e) Successive Adjustments. After an adjustment to the Conversion Rate under this Section 14, any subsequent event requiring an adjustment under this Section 14 shall cause an adjustment to such Conversion Rate as so adjusted.

(f) Multiple Adjustments. For the avoidance of doubt, if an event occurs that would trigger an adjustment to the Conversion Rate pursuant to this Section 14 under more than one

subsection hereof, such event, to the extent fully taken into account in a single adjustment, shall not result in multiple adjustments hereunder.

(g) Other Adjustments. The Corporation may (but is not required to) make such increases in the Conversion Rate, in addition to those required by Section 14(a)(i) through (v), as the board of directors considers to be advisable to avoid or diminish any income tax to holders of Common Stock resulting from any dividend or distribution of stock (or rights to acquire stock) or from any event treated as such for income tax purposes.

In addition to the foregoing, to the extent permitted by applicable law and subject to the applicable rules of the New York Stock Exchange, the Corporation from time to time may increase the Conversion Rate by any amount for any period of time if the period is at least 20 business days, the increase is irrevocable during the period and the board of directors shall have made a determination that such increase would be in the best interests of the Corporation, which determination shall be conclusive.

(h) Notice of Adjustments. Whenever a Conversion Rate is adjusted as provided under Section 14, the Corporation shall within 10 Business Days following the occurrence of an event that requires such adjustment (or if the Corporation is not aware of such occurrence, as soon as reasonably practicable after becoming so aware) or within 15 calendar days of the date the Corporation makes an adjustment pursuant to Section 14(g):

(i) compute the adjusted applicable Conversion Rate in accordance with Section 14 and prepare and transmit to the Conversion Agent an Officers' Certificate setting forth the applicable Conversion Rate, as the case may be, the method of calculation thereof in reasonable detail, and the facts requiring such adjustment and upon which such adjustment is based; and

(ii) provide a written notice to the Holders of the occurrence of such event and a statement in reasonable detail setting forth the method by which the adjustment to the applicable Conversion Rate was determined and setting forth the adjusted applicable Conversion Rate.

(i) Conversion Agent. The Conversion Agent shall not at any time be under any duty or responsibility to any Holder to determine whether any facts exist that may require any adjustment of the applicable Conversion Rate or with respect to the nature or extent or calculation of any such adjustment when made, or with respect to the method employed in making the same. The Conversion Agent shall be fully authorized and protected in relying on any Officers' Certificate delivered pursuant to Section 14(h) and any adjustment contained therein and the Conversion Agent shall not be deemed to have knowledge of any adjustment unless and until it has received such certificate. The Conversion Agent shall not be accountable with respect to the validity or value (or the kind or amount) of any shares of Common Stock, or of any securities or property, that may at the time be issued or delivered with respect to any of the Series L Preferred Stock; and the Conversion Agent makes no representation with respect thereto. The Conversion Agent shall not be responsible for any failure of the Corporation to issue, transfer or deliver any shares of Common Stock pursuant to a the conversion of the Series L Preferred Stock or to comply with any of the duties, responsibilities or covenants of the Corporation contained in this Section 14.

Section 15. Reorganization Events.

(a) In the event of:

(i) any consolidation or merger of the Corporation with or into another Person, in each case pursuant to which the Common Stock will be converted into cash, securities, or other property of the Corporation or another Person;

(ii) any sale, transfer, lease, or conveyance to another Person of all or substantially all of the consolidated assets of the Corporation and its subsidiaries, taken as a whole, in each case pursuant to which the Common Stock will be converted into cash, securities, or other property; or

(iii) any reclassification of the Common Stock into securities, including securities other than the Common Stock; or

(iv) any statutory exchange of the Corporation's securities with another Person (other than in connection with a merger or acquisition); (any such event specified in this Section 15(a), a "Reorganization Event"); each share of Series L Preferred Stock outstanding immediately prior to such Reorganization Event shall, without the consent of Holders, become convertible into the types and amounts of securities, cash, and other property that is or was receivable in such Reorganization Event by a holder of the shares of Common Stock that was not the counterparty to the Reorganization Event or an affiliate of such other party in exchange for such Common Stock (such securities, cash, and other property, the "Exchange Property").

(b) In the event that holders of the shares of the Common Stock have the opportunity to elect the form of consideration to be received in such transaction, the consideration that the Holders are entitled to receive upon conversion shall be deemed to be the types and amounts of consideration received by the majority of the holders of the shares of the Common Stock that affirmatively make an election (or of all such holders if none make an election). On each Conversion Date following a Reorganization Event, the Conversion Rate then in effect will be applied to the value on such Conversion Date of the securities, cash, or other property received per share of Common Stock, determined as set forth above. The amount of Exchange Property receivable upon conversion of any Series L Preferred Stock in accordance with Section 12, Section 13(b), Section 13(c) or Section 13(d) hereof shall be determined based upon the then Applicable Conversion Rate.

(c) The above provisions of this Section 15 shall similarly apply to successive Reorganization Events and the provisions of Section 14 shall apply to any shares of Capital Stock of the Corporation (or any successor) received by the holders of the Common Stock in any such Reorganization Event.

(d) The Corporation (or any successor) shall, within 20 days of the occurrence of any Reorganization Event, provide written notice to the Holders of such occurrence of such event and of the type and amount of the cash, securities or other property that constitutes the Exchange Property. Failure to deliver such notice shall not affect the operation of this Section 15.

Section 16. Fractional Shares.

(a) No fractional shares of Common Stock will be issued as a result of any conversion of shares of Series L Preferred Stock.

(b) In lieu of any fractional share of Common Stock otherwise issuable in respect of any conversion at the Corporation's option pursuant to Section 13(b) hereof or any conversion

at the option of the Holder pursuant to Section 12, Section 13(c) or Section 13(d) hereof, the Corporation shall pay an amount in cash (computed to the nearest cent) equal to the same fraction of the Closing Price of the Common Stock determined as of the second Trading Day immediately preceding the effective date of conversion.

(c) If more than one share of the Series L Preferred Stock is surrendered for conversion at one time by or for the same Holder, the number of full shares of Common Stock issuable upon conversion thereof shall be computed on the basis of the aggregate number of shares of the Series L Preferred Stock so surrendered.

Section 17. Reservation of Common Stock.

(a) The Corporation shall at all times reserve and keep available out of its authorized and unissued Common Stock, solely for issuance upon the conversion of shares of Series L Preferred Stock as provided in this Certificate of Designations, free from any preemptive or other similar rights, such number of shares of Common Stock as shall from time to time be issuable upon the conversion of all the shares of Series L Preferred Stock then outstanding, calculated assuming the Applicable Conversion Price equals the Base Price, subject to adjustment as described under Section 14. For purposes of this Section 17(a), the number of shares of Common Stock that shall be deliverable upon the conversion of all outstanding shares of Series L Preferred Stock shall be computed as if at the time of computation all such outstanding shares were held by a single Holder.

(b) All shares of Common Stock delivered upon conversion of the Series L Preferred Stock shall be duly authorized, validly issued, fully paid and non-assessable, free and clear of all liens, claims, security interests and other encumbrances (other than liens, charges, security interests and other encumbrances created by the Holders).

(c) Prior to the delivery of any securities that the Corporation shall be obligated to deliver upon conversion of the Series L Preferred Stock, the Corporation shall use its reasonable best efforts to comply with all federal and state laws and regulations thereunder requiring the registration of such securities with, or any approval of or consent to the delivery thereof by, any governmental authority.

(d) The Corporation hereby covenants and agrees that, so long as the Common Stock shall be listed on the New York Stock Exchange or any other national securities exchange or automated quotation system, the Corporation will, if permitted by the rules of such exchange or automated quotation system, list and keep listed all the Common Stock issuable upon conversion of the Series L Preferred Stock; *provided*, *however*, that if the rules of such exchange or automated quotation system permit the Corporation to defer the listing of such Common Stock until the first conversion of Series L Preferred Stock into Common Stock in accordance with the provisions hereof, the Corporation covenants to list such Common Stock issuable upon conversion of the Series L Preferred Stock in accordance with the requirements of such exchange or automated quotation system at such time.

Ssection 18. Limitations on Beneficial Ownership. Notwithstanding anything to the contrary contained herein, and subject to the last sentence of this Section 18, no holder of Series L Preferred Stock will be entitled to receive shares of Common Stock upon conversion pursuant to Section 12 and Section 13 hereof to the extent, but only to the extent, that such receipt would cause such converting holder to become, directly or indirectly, a "beneficial owner" (within the meaning of Section 13(d) of the Exchange Act and the rules and regulations promulgated thereunder) of more than 9.9% of the shares of Common Stock outstanding at such time. Any delivery of shares of Common Stock

upon a purported conversion of Series L Preferred Stock shall be void and have no effect and such shares shall for all purposes continue to represent outstanding shares of Series L Preferred Stock to the extent (but only to the extent) that such delivery would result in the converting holder becoming the beneficial owner of more than 9.9% of the shares of Common Stock outstanding at such time. If any delivery of shares of Common Stock owed to a holder upon conversion of Series L Preferred Stock is not made, in whole or in part, as a result of this limitation, the Corporation's obligation to make such delivery shall not be extinguished and the Corporation shall deliver such shares as promptly as practicable after any such converting holder gives notice to the Corporation that such delivery would not result in it being the beneficial owner of more than 9.9% of the shares of Common Stock outstanding at such time. Notwithstanding anything in this paragraph to the contrary, these limitations on beneficial ownership shall not be applicable to or limit the number of shares of Series L Preferred Stock to be converted as a result of a mandatory conversion by the Corporation pursuant to Section 13(b).

Section 19. Preemptive or Subscription Rights. The Holders of Series L Preferred Stock shall not have any preemptive or subscription rights.

**IN WITNESS WHEREOF, WELLS FARGO & COMPANY** has caused this Certificate of Designations to be signed by Barbara S. Brett, its Senior Vice President and Assistant Treasurer, and Laurel A. Holschuh, its Secretary, this 30th day of December, 2008.

WELLS FARGO & COMPANY

By: /s/ Barbara S. Brett
Barbara S. Brett, Senior Vice President
and Assistant Treasurer

/s/ Laurel A. Holschuh
Laurel A. Holschuh, Secretary

[As filed with the Delaware Secretary of State on December 30, 2008.]

WELLS FARGO & COMPANY

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CERTIFICATE OF DESIGNATIONS
Pursuant to Section 151 of the
General Corporation Law of the State of Delaware

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2010 ESOP CUMULATIVE CONVERTIBLE PREFERRED STOCK
(Without Par Value)

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WELLS FARGO & COMPANY, a corporation organized and existing under the laws of the State of Delaware (the "Company"), HEREBY CERTIFIES that, pursuant to authority conferred upon the Board of Directors of the Company (the "Board") by the provisions of the Restated Certificate of Incorporation of the Company, as amended, which authorizes the issuance of not more than 20,000,000 shares of Preferred Stock, without par value (the "Preferred Stock"), and pursuant to authority conferred upon the ESOP Preferred Stock Committee I of the Board (the "ESOP Committee") in accordance with Section 141(c) of the General Corporation Law of the State of Delaware (the "General Corporation Law") and by the resolutions of the Board set forth herein, the following resolutions were duly adopted by the Board at meetings of the Board duly held on January 25, 2000 and February 24, 2009, and by the ESOP Committee pursuant to the written consent of the ESOP Committee duly adopted on March 23, 2010, in accordance with Section 141(f) of the General Corporation Law:

1. On January 25, 2000, the Board adopted the following resolutions (the "ESOP Board Resolutions") appointing the ESOP Committee and delegating to the ESOP Committee the full powers of the Board, subject to the ESOP Board Resolutions, in all matters relating to issuance of one or more series of Preferred Stock ("ESOP Preferred Stock") to the trustee on behalf of the Company's 401(k) Plan hereinafter referred to:

RESOLVED that a committee of one member of the Board of the Company is hereby appointed by the Board as the ESOP Preferred Stock Committee I (the "First Committee"), which shall have and may exercise the full powers of the Board, subject to these resolutions, to issue from time to time one or more series of ESOP Preferred Stock, including any shares of Company common stock ($1 2/3 par value) issuable upon conversion of ESOP Preferred Stock, and in connection therewith, to fix the designations, voting powers, preferences, and all other rights, qualifications and restrictions of such ESOP Preferred Stock, to sell such ESOP Preferred Stock to the Plan on such terms and conditions and for such purchase price as the First Committee in its discretion shall approve, and to take any and all actions as the First Committee shall deem necessary or appropriate.

2. Pursuant to resolutions adopted on February 24, 2009, the Board designated John G. Stumpf as the sole member of the ESOP Committee, effective April 29, 2009.

3. On March 23, 2010, pursuant to authority conferred upon it by the Board in the ESOP Board Resolutions, the ESOP Committee adopted the following resolutions by written consent in accordance with Section 141(f) of the General Corporation Law:

RESOLVED that the issuance of a series of Preferred Stock, without par value, of the Company is hereby authorized and the designation, voting powers, preferences, and relative, participating, optional, and other special rights, and qualifications, limitations and restrictions thereof, in addition to those set forth in the Restated Certificate of Incorporation of the Company, as amended, are hereby fixed as follows:

2010 ESOP CUMULATIVE CONVERTIBLE PREFERRED STOCK

1. Designation and Number of Shares; Restricted Issue.

(a) The designation of the series of Preferred Stock, without par value, provided for herein shall be "2010 ESOP Cumulative Convertible Preferred Stock" (hereinafter referred to as the "2010 ESOP Preferred Stock") and the number of authorized shares constituting the 2010 ESOP Preferred Stock is 1,000,000, based on an offering price for the 2010 ESOP Preferred Stock of $1,080.00 per share. Each share of 2010 ESOP Preferred Stock shall have a stated value of $1,000.00 per share. The number of authorized shares of 2010 ESOP Preferred Stock may be reduced by further resolution duly adopted by the Board or the Securities Committee and by the filing of a certificate pursuant to the provisions of the General Corporation Law of the State of Delaware stating that such reduction has been so authorized, provided, however, that the authorized number of shares of 2010 ESOP Preferred Stock shall not be decreased below the then outstanding number of such shares, and provided further that the number of authorized shares of 2010 ESOP Preferred Stock shall not be increased. All shares of the 2010 ESOP Preferred Stock purchased, redeemed, or converted by the Company shall be retired and canceled and shall be restored to the status of authorized but unissued shares of Preferred Stock, without designation as to series, and may thereafter be issued, but not as shares of 2010 ESOP Preferred Stock.

(b) Shares of 2010 ESOP Preferred Stock shall be issued only to a trustee (the "Trustee") acting on behalf of the Wells Fargo & Company 401(k) Plan, or any successor to such plan (the "Plan"). All references to the holder of shares of 2010 ESOP Preferred Stock shall mean the Trustee or any company with which or into which the Trustee may merge or any successor trustee under the trust agreement with respect to the Plan. In the event of any transfer of record ownership of shares of 2010 ESOP Preferred Stock to any person other than any successor trustee under the Plan, the shares of 2010 ESOP Preferred Stock so transferred, upon such transfer and without any further action by the Company or the holder thereof, shall be automatically converted into shares of the common stock, par value $1-2/3 per share, of the Company (the "Common Stock") on the terms otherwise provided for the conversion of the shares of 2010 ESOP Preferred Stock into shares of Common Stock pursuant to paragraph (a) of Section 4 hereof, and no such transferee shall have any of the voting powers, preferences, and relative, participating, optional or special rights ascribed to shares of 2010 ESOP Preferred Stock hereunder but, rather, only the powers and rights pertaining to the Common Stock into which such shares of 2010 ESOP Preferred Stock shall be so converted. In the event of such a conversion, the transferee of the shares of 2010 ESOP Preferred Stock shall be treated for all purposes as the record holder of the shares of Common Stock into which such shares of 2010 ESOP Preferred Stock have been automatically converted as of the date of such transfer. Shares of 2010 ESOP Preferred Stock may be certificated or uncertificated, at the Company's option. Certificates representing shares of 2010 ESOP Preferred Stock shall bear a legend to reflect the foregoing provisions. In the case of uncertificated 2010 ESOP Preferred Stock, the transfer agent for the 2010 ESOP Preferred Stock shall note the foregoing provisions on each 2010 ESOP Preferred Stock book entry account. The Company may require that, as a condition to transferring record ownership of any uncertificated 2010 ESOP Preferred Stock, the proposed transferee acknowledge in writing that the shares of 2010 ESOP Preferred Stock are subject to the foregoing provisions. Notwithstanding the foregoing provisions of this paragraph (b) of Section 1, shares of 2010 ESOP

Preferred Stock (i)(A) shall be converted into shares of Common Stock as provided in paragraph (a) of Section 4 hereof, and (B) may be converted into shares of Common Stock as provided by paragraph (b) of Section 4 hereof and the shares of Common Stock issued upon such conversion may be transferred by the holder thereof as permitted by law and (ii) shall be redeemable by the Company upon the terms and conditions provided in Sections 5 and 6(c) hereof.

2. Voting Rights. No shares of 2010 ESOP Preferred Stock shall have voting rights except such voting rights as may from time to time be required by law and as set forth in this Section 2, as follows:

(a) Whenever, at any time or times, dividends payable on shares of 2010 ESOP Preferred Stock shall be in arrears for such number of dividend periods which shall in the aggregate contain not less than 540 days, the holders of the outstanding shares of 2010 ESOP Preferred Stock shall have the exclusive right, voting together as a class with holders of shares of any one or more other series of Preferred Stock ranking on a parity with the shares of 2010 ESOP Preferred Stock, either as to dividends or on the distribution of assets upon liquidation, dissolution or winding up, and upon which like voting rights have been conferred and are exercisable, to elect two directors of the Company at the Company's next annual meeting of stockholders and at each subsequent annual meeting of stockholders. At elections for such directors, each holder of the shares of 2010 ESOP Preferred Stock shall be entitled to one vote for each share held (the holders of shares of any other series of Preferred Stock ranking on such a parity being entitled to such number of votes, if any, for each share of Preferred Stock held as may be granted to them). Upon the vesting of such right of such holders, the maximum authorized number of members of the Board shall automatically be increased by two and the two vacancies so created shall be filled by vote of the holders of such outstanding shares of 2010 ESOP Preferred Stock (together with the holders of shares of any one or more other series of Preferred Stock ranking on such a parity and upon which like voting rights have been conferred and are exercisable) as herein set forth. The right of such holders of such shares of 2010 ESOP Preferred Stock (voting together as a class with the holders of shares of any one or more other series of Preferred Stock ranking on such a parity and upon which like voting rights have been conferred and are exercisable) to elect members of the Board as aforesaid shall continue until such time as all dividends accumulated on such shares of 2010 ESOP Preferred Stock shall have been paid in full, at which time such right with respect to such shares of 2010 ESOP Preferred Stock shall terminate, except as herein or by law expressly provided, subject to revesting in the event of each and every subsequent default of the character above mentioned.

(b) Upon any termination of the right of the holders of all shares of Preferred Stock entitled to vote for directors as herein provided, the term of office of all directors then in office elected by such holders voting as a class shall terminate immediately. If the office of any director elected by such holders voting as a class becomes vacant by reason of death, resignation, retirement, disqualification, removal from office or otherwise, the remaining director elected by such holders may choose a successor to fill such vacancy, which such successor shall hold office for the unexpired term in respect of which such vacancy occurred. Whenever the term of office of the directors elected by such holders voting as a class shall end and the special voting powers vested in such holders as provided in this resolution shall have expired, the number of directors shall be such number as may be provided for in the By-Laws of the Company irrespective of any increase made pursuant to the provisions of this resolution.

(c) So long as any shares of 2010 ESOP Preferred Stock remain outstanding, the consent of the holders of the outstanding shares of 2010 ESOP Preferred Stock and outstanding shares of all other series of Preferred Stock ranking on a parity with such shares of 2010 ESOP Preferred Stock either as to dividends or the distribution of assets upon liquidation, dissolution or winding up and upon which like voting rights have been conferred and are exercisable, by a vote of at least two-thirds of all such

outstanding shares of 2010 ESOP Preferred Stock and such other series of Preferred Stock voting together as a class, given in person or by proxy, either in writing or at any special or annual meeting called for the purpose, shall be necessary to permit, effect or validate any one or more of the following:

(i) the authorization, creation or issuance, or any increase in the authorized or issued amount, of any class or series of stock ranking prior to shares of 2010 ESOP Preferred Stock with respect to payment of dividends or the distribution of assets on liquidation, dissolution or winding up, or

(ii) the amendment, alteration or repeal, whether by merger, consolidation or otherwise, of any of the provisions of the Restated Certificate of Incorporation or of the resolutions set forth in a Certificate of Designations designating shares of 2010 ESOP Preferred Stock and the preferences and relative, participating, optional and other special rights and qualifications, limitations and restrictions thereof which would materially and adversely affect any right, preference, privilege or voting power of the shares of 2010 ESOP Preferred Stock or of the holders thereof; provided, however, that any increase in the amount of authorized Preferred Stock, or the creation and issuance of other series of Preferred Stock, or any increase in the amount of authorized shares of any series of Preferred Stock, in each case ranking on a parity with or junior to the shares of 2010 ESOP Preferred Stock with respect to the payment of dividends and the distribution of assets upon liquidation, dissolution or winding up, shall not be deemed to materially and adversely affect such rights, preferences, privileges or voting powers.

(d) The foregoing voting provisions shall not apply if, at or prior to the time when the act with respect to which such vote would otherwise be required shall be effected, all outstanding shares of 2010 ESOP Preferred Stock shall have been redeemed or sufficient funds shall have been deposited in trust to effect such redemption.

3. Dividends. (a)(i) Holders of shares of 2010 ESOP Preferred Stock will be entitled to receive, when and as declared by the Board or a duly authorized committee thereof, out of assets of the Company legally available for payment, an annual cash dividend of $95.00 (the "Base Dividend") per share, which Base Dividend shall be subject to adjustment from time to time as provided in this Section 3.

(ii) The Base Dividend shall be adjusted, effective on December 1, 2011 and on each December 1 thereafter until December 1, 2019, as follows:

(1) If the Current Market Price (as hereinafter defined) of one share of Common Stock on November 30 (or the next preceding Trading Day (as hereinafter defined) if November 30 is not a Trading Day) of any year listed in the Dividend Adjustment Table below is equal to or greater than the First Target Price but less than the Second Target Price shown opposite that year in such table, then holders of shares of the 2010 ESOP Preferred Stock will be entitled to receive a cash dividend for the immediately following twelve month period equal to $100.00 per share (the "First Adjusted Dividend").

(2) If the Current Market Price of one share of Common Stock on November 30 (or the next preceding Trading Day if November 30 is not a Trading Day) of any year listed in the Dividend Adjustment Table below is equal to or greater than the Second Target Price shown opposite that year in such table, then holders of shares of 2010 ESOP Preferred Stock will be entitled to receive a cash dividend for the immediately following twelve month period equal to $105.00 per share (the "Second Adjusted Dividend").

(3) If the Current Market Price of one share of Common Stock on November 30 (or next preceding Trading Day if November 30 is not a Trading Day) of any year listed in

the Dividend Adjustment Table below is less than the First Target Price shown opposite that year in such table, then the holders of shares of 2010 ESOP Preferred Stock will be entitled to receive a cash dividend for the immediately following twelve month period equal to the Base Dividend.

Dividend Adjustment Table

| Closing Price on 11/30 | First Target Price | Second Target Price |
|---|---|---|
| 2011 | 35.445 | 41.275 |
| 2012 | 38.990 | 49.530 |
| 2013 | 42.889 | 59.436 |
| 2014 | 47.178 | 71.323 |
| 2015 | 51.895 | 85.588 |
| 2016 | 57.085 | 102.706 |
| 2017 | 62.793 | 123.247 |
| 2018 | 69.073 | 147.896 |
| 2019 | 75.980 | 177.475 |

(4) As an example of the adjustments described in subparagraphs (1) through (3) above, if on November 30, 2011, the Current Market Price of one share of Common Stock is $40.00, then the cash dividend payable for the immediately following twelve month period per share of 2010 ESOP Preferred Stock would equal $100.00, with the first quarterly payment of such $100.00 dividend to be made on March 1, 2012. If on November 30, 2012, the Current Market Price of one share of Common Stock is $60.00, then the cash dividend payable for the immediately following twelve month period per share of 2010 ESOP Preferred Stock would equal $105.00, with the first quarterly payment of such $105.00 dividend to be made on March 1, 2013. If on November 30, 2013, the Current Market Price of one share of Common Stock is $40.00, then the cash dividend payable for the immediately following twelve month period per share of 2010 ESOP Preferred Stock would equal $95.00, with the first quarterly payment of such $95.00 dividend to be made on March 1, 2014.

(5) For purposes of this Section 3, the terms “First Adjusted Dividend” and “Second Adjusted Dividend” are sometimes referred to as an “Adjusted Dividend;” the term “Current Market Price” shall have the meaning given to it in Section 4(c)(iv); and the term “Trading Day” shall have the meaning given to it in Section 4(c)(vi).

(iii) If one share of Common Stock in any year listed in the Dividend Adjustment Table shall be changed into a different number of shares or a different class of shares by reason of any reclassification, recapitalization, split-up, combination, exchange of shares or readjustment, or if a stock dividend thereon shall be declared with a record date within such period, then the First Target Price and the Second Target Price listed in such table for that year and each subsequent year will be appropriately and proportionately adjusted.

(iv) Dividends payable on shares of the 2010 ESOP Preferred Stock (whether such dividends are equal to the Base Dividend or to an Adjusted Dividend) shall be payable quarterly on March 1, June 1, September 1, and December 1 of each year, commencing June 1, 2010. Dividends on shares of the 2010 ESOP Preferred Stock will be cumulative from the date of initial issuance of such shares of 2010 ESOP Preferred Stock. Dividends will be payable, in arrears, to holders of record as they appear on the stock books of the Company on such record dates, not more than 30 days nor less than 15

days preceding the payment dates thereof, as shall be fixed by the Board or a duly authorized committee thereof. The amount of dividends payable per share for each dividend period shall be computed by dividing by four the Base Dividend or the Adjusted Dividend, whichever is then applicable. The amount of dividends payable for the initial dividend period or any period shorter than a full dividend period shall be calculated on the basis of actual days elapsed in a 360-day year of twelve 30-day months.

(b)(i) No full dividends shall be declared or paid or set apart for payment on any stock of the Company ranking, as to dividends, on a parity with or junior to the 2010 ESOP Preferred Stock for any period unless full cumulative dividends have been or contemporaneously are declared and paid or declared and a sum sufficient for the payment thereof has been set apart for such payment on shares of 2010 ESOP Preferred Stock for all dividend payment periods terminating on or prior to the date of payment of such full cumulative dividends. When dividends are not paid in full, as aforesaid, upon the shares of 2010 ESOP Preferred Stock and any other series of Preferred Stock ranking on a parity as to dividends with 2010 ESOP Preferred Stock, all dividends declared upon shares of 2010 ESOP Preferred Stock and any other series of Preferred Stock ranking on a parity as to dividends with 2010 ESOP Preferred Stock shall be declared pro rata so that the amount of dividends declared per share on 2010 ESOP Preferred Stock and such other series of Preferred Stock shall in all cases bear to each other the same ratio that accrued dividends per share on the shares of 2010 ESOP Preferred Stock and such other series of Preferred Stock bear to each other. Holders of shares of 2010 ESOP Preferred Stock shall not be entitled to any dividend, whether payable in cash, property, or stock, in excess of full cumulative dividends, as herein provided, on 2010 ESOP Preferred Stock. No interest, or sum of money in lieu of interest, shall be payable in respect of any dividend payment or payments on 2010 ESOP Preferred Stock which may be in arrears.

(ii) So long as any shares of 2010 ESOP Preferred Stock are outstanding, no dividend (other than dividends or distributions paid in shares of, or options, warrants, or rights to subscribe for or purchase shares of, Common Stock or any other stock ranking junior to 2010 ESOP Preferred Stock as to dividends or upon liquidation and other than as provided in paragraph (b)(i) of this Section 3) shall be declared or paid or set aside for payment or other distribution declared or made upon Common Stock or any other capital stock of the Company ranking junior to or on a parity with 2010 ESOP Preferred Stock as to dividends or upon liquidation, nor shall any Common Stock or any other capital stock of the Company ranking junior to or on a parity with 2010 ESOP Preferred Stock as to dividends or upon liquidation be redeemed, purchased, or otherwise acquired for any consideration (or any moneys be paid to or made available for a sinking fund for the redemption of any shares of any such stock) by the Company (except by conversion into or exchange for stock of the Company ranking junior to 2010 ESOP Preferred Stock as to dividends or upon liquidation), unless, in each case, the full cumulative dividends on all outstanding shares of 2010 ESOP Preferred Stock shall have been paid or declared and set aside for payment of the then current dividend payment period and all past dividend payment periods.

4. Conversion. Shares of 2010 ESOP Preferred Stock are convertible from time to time hereafter pursuant to the provisions of paragraphs (a) or (b) of this Section 4 into that number of shares of Common Stock determined by dividing the stated value of each share of 2010 ESOP Preferred Stock by the then applicable Conversion Price, (as determined in accordance with the provisions of paragraph (c)(iii) of this Section 4), as follows:

(a) Each share of 2010 ESOP Preferred Stock released from the unallocated reserve of the Plan in accordance with the terms thereof shall be automatically converted, without any further action by the Company or the holder thereof, as of the date such release occurs (the "Release Date"), into fully

paid and nonassessable shares of Common Stock at the then applicable Conversion Price for the 2010 ESOP Preferred Stock provided for in paragraph (c) of this Section 4.

(b) Subject to and upon compliance with the provisions of this Section 4, a holder of 2010 ESOP Preferred Stock shall be entitled at any time, prior to the close of business on the date fixed for redemption of such shares pursuant to Sections 5 or 6 hereof, to cause any or all of the shares of 2010 ESOP Preferred Stock held by such holder to be converted into fully paid and nonassessable shares of Common Stock at the then applicable Conversion Price for 2010 ESOP Preferred Stock provided for in paragraph (c) of this Section 4.

(c) For purposes of these resolutions, the following terms shall have the meanings set forth below:

(i) The "Average Current Market Price" per share of Common Stock on any date shall be deemed to be the average of the Current Market Price for one share of Common Stock for the twenty (20) consecutive Trading Days ending on the Trading Day occurring prior to the date the "Purchase Offer" is made (as that term is defined in Section 6(d) hereof).

(ii) A "Business Day" means each day that is not a Saturday, Sunday, or a day on which state or federally chartered banking institutions in the State of New York are not required to be open.

(iii) (A) For purposes of a mandatory conversion of shares of 2010 ESOP Preferred Stock into shares of Common Stock pursuant to the provisions of paragraph (a) of this Section 4, the "Conversion Price" for such shares of 2010 ESOP Preferred Stock shall be the Current Market Price of one share of Common Stock on the relevant Release Date.

(B) For purposes of an optional conversion of shares of 2010 ESOP Preferred Stock into shares of Common Stock pursuant to the provisions of paragraph (b) of this Section 4, the "Conversion Price" for such shares of 2010 ESOP Preferred Stock shall be the Current Market Price of one share of Common Stock on the date the Conversion Notice (as that term is defined in paragraph (d) of this Section 4) is received by the Company, by the transfer agent for the 2010 ESOP Preferred Stock or by any agent for conversion of the 2010 ESOP Preferred Stock designated as such pursuant to paragraph (d) of this Section 4.

(C) For purposes of a conversion of shares of 2010 ESOP Preferred Stock into shares of Common Stock in connection with a "Purchase Offer" (as defined in Section 6(d) hereof), the "Conversion Price" for such shares of 2010 ESOP Preferred Stock shall be the Average Current Market Price of one share of Common Stock.

Each share of 2010 ESOP Preferred Stock shall be valued at its stated value of $1,000.00 for purposes of computing, based on the applicable Conversion Price, the number of shares of Common Stock into which the shares of 2010 ESOP Preferred Stock will be converted.

(iv) The "Current Market Price" of publicly traded shares of Common Stock or any other class of capital stock or other security of the Company or any other issuer for any day shall mean the reported last sale price, regular way, or, in case no sale takes place on such day, the average of the reported closing bid and asked prices, regular way, in either case as reported on the New York Stock Exchange only or, if the Common Stock is not listed or admitted to trading on the New York Stock

Exchange, on the principal national securities exchange on which the Common Stock is listed or admitted to trading or, if not listed or admitted to trading on any national securities exchange, on the National Market System of the National Association of Securities Dealers, Inc. Automated Quotations System ("NASDAQ") or, if the Common Stock is not quoted on such National Market System, the average of the closing bid and asked prices on such day in the over-the-counter market as reported by NASDAQ or, if bid and asked prices for the Common Stock on each such day shall not have been reported through NASDAQ, the average of the bid and asked prices for such day as furnished by any New York Stock Exchange member firm regularly making a market in the Common Stock selected for such purpose by the Board or a committee thereof or, if no such quotations are available, the fair market value of the Common Stock as determined by a New York Stock Exchange member firm regularly making a market in the Common Stock selected for such purpose by the Board or a committee thereof.

(v) "Common Stock" shall mean the Common Stock of the Company as the same exists at the date of this Certificate of Designations or as such stock may be constituted from time to time.

(vi) "Trading Day" with respect to Common Stock means (x) if the Common Stock is listed or admitted for trading on the New York Stock Exchange or another national securities exchange, a day on which the New York Stock Exchange or such other national securities exchange is open for business or (y) if the Common Stock is quoted on the National Market System of NASDAQ, a day on which trades may be made on such National Market System or (z) otherwise, any Business Day.

(d) In connection with any conversion of 2010 ESOP Preferred Stock pursuant to this Section 4, a written notice of conversion (the "Conversion Notice") shall be delivered to the Company at its principal executive office or the offices of the transfer agent for the 2010 ESOP Preferred Stock or such office or offices in the continental United States of an agent for conversion as may from time to time be designated by notice to the holders of the 2010 ESOP Preferred Stock by the Company or the transfer agent for the 2010 ESOP Preferred Stock, which notice shall be accompanied by (a) in the case of certificated 2010 ESOP Preferred Stock, the certificate or certificates representing the shares of 2010 ESOP Preferred Stock being converted pursuant to this Section 4, duly assigned or endorsed for transfer to the Company (or accompanied by duly executed stock powers relating thereto) and (b) in the case of uncertificated 2010 ESOP Preferred Stock, duly executed assignment and transfer documents for the shares of 2010 ESOP Preferred Stock being converted pursuant to this Section 4. Each Conversion Notice shall specify (i)(y) in the case of a mandatory conversion pursuant to paragraph (a) of this Section 4, the number of shares of 2010 ESOP Preferred Stock released from the unallocated reserve of the Plan on the Release Date or (z) in the case of an optional conversion pursuant to paragraph (b) of this Section 4, the number of shares of 2010 ESOP Preferred Stock being converted, and (ii) in connection with any conversion hereunder, (x) the name or names in which such holder wishes the certificate or certificates for Common Stock and, in the case of certificated 2010 ESOP Preferred Stock, for any shares of 2010 ESOP Preferred Stock not to be so converted to be issued, (y) the address to which such holder wishes delivery to be made of such new certificates to be issued upon such conversion, and (z) such other information as the Company or its agents may reasonably request.

(e) Upon delivery to the Company or the transfer agent for the 2010 ESOP Preferred Stock of the Conversion Notice and all other documentation and certificates required to effect the conversion, as provided in paragraph (d) of this Section 4, the Company shall issue and send by hand delivery, by courier or by first-class mail (postage prepaid) to the holder thereof or to such holder's designee, at the address designated by such holder, a certificate or certificates for the number of shares of Common Stock to which such holder shall be entitled upon conversion. If there shall have been

surrendered a certificate or certificates representing shares of 2010 ESOP Preferred Stock only part of which are to be converted, the Company shall issue and deliver to such holder or such holder's designee, in the manner set forth in the preceding sentence, a new certificate or certificates representing the number of shares of 2010 ESOP Preferred Stock which shall not have been converted.

(f) The issuance by the Company of shares of Common Stock upon a conversion of shares of 2010 ESOP Preferred Stock into shares of Common Stock made pursuant to this Section 4 shall be effective (i) in the case of a mandatory conversion of shares of 2010 ESOP Preferred Stock pursuant to paragraph (a) of this Section 4, as of the Release Date; and (ii) in the case of an optional conversion of such shares pursuant to paragraph (b) of this Section 4, as of the earlier of (A) the delivery to such holder or such holder's designee of the certificates representing the shares of Common Stock issued upon conversion thereof or (B) the commencement of business on the second Business Day after the delivery to the Company or the transfer agent for the 2010 ESOP Preferred Stock of the Conversion Notice and all other documentation and certificates required to effect the conversion, as provided in paragraph (d) of this Section 4. On and after the effective date of conversion, the person or persons entitled to receive the Common Stock issuable upon such conversion shall be treated for all purposes as the record holder or holders of such shares of Common Stock, but no allowance or adjustment shall be made in respect of dividends payable to holders of Common Stock in respect of any period prior to such effective date. The Company shall not be obligated to pay any dividends which shall have accrued or have been declared and shall be payable to holders of shares of 2010 ESOP Preferred Stock if the date on which such dividends are paid is on or after the effective date of conversion of such shares.

(g) The Company shall not be obligated to deliver to holders of 2010 ESOP Preferred Stock any fractional share or shares of Common Stock issuable upon any conversion of such shares of 2010 ESOP Preferred Stock, but in lieu thereof may make a cash payment in respect thereof in any manner permitted by law.

(h) The Company shall at all times reserve and keep available out of its authorized and unissued Common Stock, solely for issuance upon the conversion of shares of 2010 ESOP Preferred Stock as herein provided, free from any preemptive rights, such number of shares of Common Stock as shall from time to time be issuable upon the conversion of all the shares of 2010 ESOP Preferred Stock then outstanding.

(i) The Company will use its best efforts to cause the listing of the shares of Common Stock required to be delivered upon conversion of the 2010 ESOP Preferred Stock prior to distribution to Plan participants on the national securities exchange, if any, upon which the outstanding Common Stock is listed at the time of such delivery.

(j) The Company will pay any and all documentary stamp or similar issue or transfer taxes payable in respect of the issue or delivery of shares of Common Stock on conversions of the 2010 ESOP Preferred Stock pursuant hereto; provided, however, that the Company shall not be required to pay any tax which may be payable in respect of any transfer involved in the issue or delivery of shares of Common Stock in a name other than that of the holder of the 2010 ESOP Preferred Stock to be converted and no such issue or delivery shall be made unless and until the person requesting such issue or delivery has paid to the Company the amount of any such tax or has established, to the satisfaction of the Company, that such tax has been paid.

5. Redemption At the Option of the Company. (a) The 2010 ESOP Preferred Stock shall be redeemable, in whole or in part, at the option of the Company at any time, at a redemption price per

share of 2010 ESOP Preferred Stock equal to the higher of (x) $1,000.00 per share, plus an amount equal to all accrued and unpaid dividends thereon to the date fixed for redemption, and (y) the Fair Market Value (as that term is defined in paragraph (d) of this Section 5) per share of 2010 ESOP Preferred Stock on the date fixed for redemption. Payment of the redemption price shall be made by the Company in cash or shares of Common Stock, or a combination thereof, as permitted by paragraph (c) of this Section 5. From and after the date fixed for redemption, dividends on shares of 2010 ESOP Preferred Stock called for redemption will cease to accrue and all rights in respect of such shares of the Company shall cease, except the right to receive the redemption price. Upon payment of the redemption price, such shares shall be deemed to have been transferred to the Company, to be retired as provided in paragraph (a) of Section 1. If the full cumulative dividends have not been paid, or contemporaneously declared and set aside for payment, on all outstanding shares of 2010 ESOP Preferred Stock, the Company may not redeem fewer than all the outstanding shares of 2010 ESOP Preferred Stock pursuant to this Section 5.

(b) Unless otherwise required by law, notice of any redemption pursuant to this Section 5 will be sent to the holders of 2010 ESOP Preferred Stock at the address shown on the books of the Company or any transfer agent for the 2010 ESOP Preferred Stock by hand delivery, by courier, by standard form of telecommunication or by first-class mail (postage prepaid) delivered, sent or mailed, as the case may be, not less than twenty (20) days nor more than sixty (60) days prior to the redemption date. Each such notice shall state: (i) the redemption date; (ii) the total number of shares of the 2010 ESOP Preferred Stock to be redeemed and, if fewer than all the shares held by such holder are to be redeemed, the number of such shares to be redeemed from such holder; (iii) the redemption price; (iv) whether the redemption price shall be paid in cash or in shares of Common Stock, or in a combination of such Common Stock and cash; (v) in the case of certificated 2010 ESOP Preferred Stock the place or places where certificates for such shares are to be surrendered for payment of the redemption price; (vi) that dividends on the shares to be redeemed will cease to accrue on such redemption date; and (vii) the conversion rights of the shares to be redeemed, the period within which conversion rights may be exercised and the manner in which the number of shares of Common Stock issuable upon conversion of a share of 2010 ESOP Preferred Stock will be determined. The Company shall redeem shares so called for redemption and not previously converted at the date fixed for redemption and at the redemption price set forth in this Section 5, provided that, in the case of certificated 2010 ESOP Preferred Stock, the Company shall not be obligated to pay the redemption price until the certificates for the shares to be redeemed are surrendered (properly endorsed or assigned for transfer, if the Board of Directors of the Company shall so require and the notice shall so state).

(c) The Company, at its option, may make payment of the redemption price required upon redemption of shares of 2010 ESOP Preferred Stock in cash or in shares of Common Stock, or in a combination of such Common Stock and cash, any such shares of Common Stock to be valued for such purposes at their Fair Market Value (as defined in paragraph (d)(ii) of this Section 5) or their Current Market Price, in either case as of the date fixed for redemption of the 2010 ESOP Preferred Stock, whichever value will result in the issuance of the greater number of shares of Common Stock to the holder of the 2010 ESOP Preferred Stock then being redeemed.

(d) For purposes of these resolutions, the following terms shall have the meanings set forth below:

(i) "Adjustment Period" shall mean the period of five (5) consecutive Trading Days preceding the date as of which the Fair Market Value of a security is to be determined.

(ii) "Fair Market Value" shall mean, as to shares of Common Stock or any other class of capital stock or securities of the Company or any other issue which are publicly traded, the average of the Current Market Prices of such shares or securities for each day of the Adjustment Period. The "Fair Market Value" of any security which is not publicly traded (other than the 2010 ESOP Preferred Stock) or of any other property shall mean the fair value thereof on the date as of which the Fair Market Value of the security is to be determined, as determined by an independent investment banking or appraisal firm experienced in the valuation of such securities or property selected in good faith by the Board or a committee thereof. The "Fair Market Value" of the 2010 ESOP Preferred Stock for purposes of paragraph (a) of Section 5, and for purposes of paragraph (c) of Section 6 shall mean the fair market value thereof determined by an independent appraiser, appointed by the Trustee of the Plan in accordance with the provisions of the Plan, as of the date fixed for redemption of the 2010 ESOP Preferred Stock (in the case of a redemption pursuant to Section 5) or as of the date specified in paragraph (c) of Section 6 (in the case of a redemption under that section). For purposes of determining the Fair Market Value of the 2010 ESOP Preferred Stock, the independent appraiser shall assume (i) that all dividends on the 2010 ESOP Preferred Stock would have been paid when due, and (ii) that the mandatory conversion of shares of 2010 ESOP Preferred Stock held by the Plan into shares of Common Stock pursuant to Section 4(a) hereof would have occurred when and as payments of principal (together with accrued interest thereon) would have been made by the Trustee of the Plan in accordance with the terms of that certain 2010 ESOP Cumulative Convertible Preferred Stock Note Agreement dated on or about March 26, 2010 between the Company and the Plan (including any amendments or modifications thereto).

6. Consolidation, Merger, etc. (a) If the Company consummates any consolidation or merger or similar business combination, pursuant to which the outstanding shares of Common Stock are by operation of law exchanged solely for or changed, reclassified or converted solely into stock of any successor or resulting corporation (including the Company) that constitutes "qualifying employer securities" with respect to a holder of 2010 ESOP Preferred Stock within the meaning of Section 409(1) of the Internal Revenue Code of 1986, as amended, and Section 407(d)(5) of the Employee Retirement Income Security Act of 1974, as amended, or any successor provisions of law, and, if applicable, for a cash payment in lieu of fractional shares, if any, the shares of 2010 ESOP Preferred Stock of such holder shall, in connection with such consolidation, merger or similar business combination, be assumed by and shall become Preferred Stock of such successor or resulting corporation, having in respect of such corporation, insofar as possible, the same powers, preferences and relative, participating, optional or other special rights (including the redemption rights provided by Sections 5 and 6 hereof), and the qualifications, limitations or restrictions thereon, that the 2010 ESOP Preferred Stock had immediately prior to such transaction, subject to the following:

(1) After such transaction each share of the 2010 ESOP Preferred Stock shall be convertible, otherwise on the terms and conditions provided by Section 4 hereof, into the number and kind of qualifying employer securities so receivable by a holder of the number of shares of Common Stock into which such shares of 2010 ESOP Preferred Stock could have been converted immediately prior to such transaction.

(2) The Company shall not consummate any such merger, consolidation or similar transaction unless all then outstanding shares of 2010 ESOP Preferred Stock shall be assumed and authorized by the successor or resulting corporation as aforesaid.

(b) If the Company consummates any consolidation or merger or similar business combination, pursuant to which the outstanding shares of Common Stock are by operation of law exchanged for or changed, reclassified or converted into other stock or securities or cash or any other property, or any combination thereof, other than any such consideration which is constituted solely of

qualifying employer securities (as referred to in paragraph (a) of this Section 6) and cash payments, if applicable, in lieu of fractional shares, outstanding shares of 2010 ESOP Preferred Stock shall, without any action on the part of the Company or any holder thereof (but subject to paragraph (c) of this Section 6), be automatically converted by virtue of such merger, consolidation or similar transaction immediately prior to such consummation into the number of shares of Common Stock into which such shares of 2010 ESOP Preferred Stock could have been converted at such time so that each share of 2010 ESOP Preferred Stock shall, by virtue of such transaction and on the same terms as apply to the holders of Common Stock, be converted into or exchanged for the aggregate amount of stock, securities, cash or other property (payable in like kind) receivable by a holder of the number of shares of Common Stock into which such shares of 2010 ESOP Preferred Stock could have been converted immediately prior to such transaction. However, if by virtue of the structure of such transaction, a holder of Common Stock is required to make an election with respect to the nature and kind of consideration to be received in such transaction, which election cannot practicably be made by the holders of the 2010 ESOP Preferred Stock, then the shares of 2010 ESOP Preferred Stock shall, by virtue of such transaction and on the same terms as apply to the holders of Common Stock, be converted into or exchanged for the aggregate amount of stock, securities, cash or other property (payable in kind) receivable by a holder of the number of shares of Common Stock into which such shares of 2010 ESOP Preferred Stock could have been converted immediately prior to such transaction if such holder of Common Stock failed to exercise any rights of election as to the kind or amount of stock, securities, cash or other property receivable upon such transaction. If the kind or amount of stock, securities, cash or other property receivable upon such transaction is not the same for each non-electing share, then the kind and amount of stock, securities, cash or other property receivable upon such transaction for each non-electing share shall be the kind and amount so receivable per share by a plurality of the non-electing shares.

(c) In the event the Company shall enter into any agreement providing for any consolidation or merger or similar business combination described in paragraph (b) of this Section 6 (a "Business Combination"), then the Company shall as soon as practicable thereafter (and in any event at least fifteen (15) Business Days before consummation of such transaction) give notice of such agreement and the material terms thereof to each holder of 2010 ESOP Preferred Stock and each such holder shall have the right to elect, by written notice to the Company, to receive, upon consummation of such transaction (if and when such transaction is consummated), from the Company or the successor of the Company, in redemption and retirement of such 2010 ESOP Preferred Stock, a cash payment per share of 2010 ESOP Preferred Stock equal to the higher of (x) $1,000.00, plus accrued and unpaid dividends thereon to the date of consummation of such transaction or (y) the Fair Market Value per share of 2010 ESOP Preferred Stock, as of the last Business Day (as defined in paragraph (c) of Section 4 hereof) immediately preceding the date the Business Combination is consummated. No such notice of redemption shall be effective unless given to the Company prior to the close of business on the last Business Day prior to consummation of such transaction, unless the Company or the successor of the Company shall waive such prior notice, but any notice of redemption so given prior to such time may be withdrawn by notice of withdrawal given to the Company prior to the close of business on the last Business Day prior to consummation of such transaction.

(d) In the event that a Purchase Offer (as defined below) shall have been made and shall be continuing, each holder of 2010 ESOP Preferred Stock shall have the right to convert shares of 2010 ESOP Preferred Stock into shares of Common Stock at the Conversion Price specified in Section 4(c)(iii)(C) hereof until the date the Purchase Offer is terminated, including without limitation because the original Purchase Offer is withdrawn or because the Purchase Offer has expired and is not renewed, upon notice of such conversion given to the Company not later than the close of business on the date the Purchase Offer terminates (the "Purchase Offer Conversion Period"), unless the Company or any

successor of the Company shall waive such prior notice, but any notice of conversion so given may be withdrawn by notice of withdrawal given to the Company prior to the end of the Purchase Offer Conversion Period.

For purposes of this paragraph (d), the following terms shall have the meanings set forth below:

(i) "Beneficial Ownership" shall have the meaning ascribed to it in Rule 13d-3 under the Securities Exchange Act of 1934 (the "Exchange Act") and "person" shall have the meanings specified in Sections 3(a)(9) and 13(d)(3) of the Exchange Act.

(ii) A "Purchase Offer" shall have been made when any person (other than the Company or any affiliate of the Company) shall have "commenced" (as such term is defined in Rule 14d-2 under the Exchange Act) a tender offer or exchange offer to purchase shares of Common Stock, such that, upon consummation of such offer, such person would have Beneficial Ownership (as defined herein) or the right to acquire Beneficial Ownership, of twenty percent (20%) or more of the voting power of the Company.

7. Liquidation Rights. (a) Upon the dissolution, liquidation, or winding up of the Company, the holders of the shares of 2010 ESOP Preferred Stock shall be entitled to receive and to be paid out of the assets of the Company available for distribution to its stockholders, before any payment or distribution shall be made on the Common Stock or any other class of stock ranking junior to 2010 ESOP Preferred Stock upon liquidation, the amount of $1,000.00 per share, plus a sum equal to all dividends (whether or not earned or declared) on such shares accrued and unpaid thereon to the date of final distribution.

(b) Neither the sale of all or substantially all the property and assets of the Company, nor the merger or consolidation of the Company into or with any other corporation, nor the merger or consolidation of any other corporation into or with the Company shall be deemed to be a dissolution, liquidation, or winding up, voluntary or involuntary, for the purposes of this Section 7.

(c) After the payment to the holders of the shares of 2010 ESOP Preferred Stock of the full preferential amounts provided for in this Section 7, the holders of 2010 ESOP Preferred Stock, as such, shall have no right or claim to any of the remaining assets of the Company.

(d) In the event the assets of the Company available for distribution to the holders of shares of 2010 ESOP Preferred Stock upon any dissolution, liquidation, or winding up of the Company, whether voluntary or involuntary, shall be insufficient to pay in full all amounts to which such holders are entitled pursuant to paragraph (a) of this Section 7, no such distribution shall be made on account of any shares of any other series of Preferred Stock or other capital stock of the Company ranking on a parity with the shares of 2010 ESOP Preferred Stock upon such dissolution, liquidation, or winding up unless proportionate distributive amounts shall be paid on account of the shares of 2010 ESOP Preferred Stock, ratably, in proportion to the full distributable amounts for which holders of all such parity shares are respectively entitled upon such dissolution, liquidation, or winding up.

(e) Subject to the rights of the holders of the shares of any series or class or classes of stock ranking on a parity with or prior to the shares of 2010 ESOP Preferred Stock upon liquidation, dissolution, or winding up, upon any liquidation, dissolution, or winding up of the Company, after payment shall have been made in full to the holders of the shares of 2010 ESOP Preferred Stock as provided in this Section 7, but not prior thereto, any other series or class or classes of stock ranking junior

to the shares of 2010 ESOP Preferred Stock upon liquidation shall, subject to the respective terms and provisions (if any) applying thereto, be entitled to receive any and all assets remaining to be paid or distributed, and the holders of the shares of 2010 ESOP Preferred Stock shall not be entitled to share therein.

8. Ranking. For the purposes of these resolutions, any stock of any series or class or classes of the Company shall be deemed to rank:

(a) prior to the shares of 2010 ESOP Preferred Stock, either as to dividends or upon liquidation, if the holders of such series or class or classes shall be entitled to the receipt of dividends or of amounts distributable upon dissolution, liquidation, or winding up of the Company, as the case may be, in preference or priority to the holders of shares of 2010 ESOP Preferred Stock;

(b) on a parity with shares of 2010 ESOP Preferred Stock, either as to dividends or upon liquidation, whether or not the dividend rates, dividend payment dates, or redemption or liquidation prices per share, or sinking fund provisions, if any, be different from those of 2010 ESOP Preferred Stock, if the holders of such stock shall be entitled to the receipt of dividends or of amounts distributable upon dissolution, liquidation, or winding up of the Company, as the case may be, in proportion to their respective dividend rates or liquidation prices, without preference or priority, one over the other, as between the holders of such stock and the holders of shares of 2010 ESOP Preferred Stock; and

(c) junior to shares of 2010 ESOP Preferred Stock, either as to dividends or upon liquidation, if such class shall be Common Stock or if the holders of shares of 2010 ESOP Preferred Stock shall be entitled to receipt of dividends or of amounts distributable upon dissolution, liquidation, or winding up of the Company, as the case may be, in preference or priority to the holders of shares of such series or class or classes.

9. Priority of 2010 ESOP Preferred Stock. The shares of 2010 ESOP Preferred Stock will rank on a parity, both as to payment of dividends and the distribution of assets upon liquidation, with the Company's 2001 ESOP Cumulative Convertible Preferred Stock, its 2002 ESOP Cumulative Convertible Preferred Stock, its 2003 ESOP Cumulative Convertible Preferred Stock, its 2004 ESOP Cumulative Convertible Preferred Stock, its 2005 ESOP Cumulative Convertible Preferred Stock, its 2006 ESOP Cumulative Convertible Preferred Stock, its 2007 ESOP Cumulative Convertible Preferred Stock and its 2008 ESOP Cumulative Convertible Preferred Stock.

IN WITNESS WHEREOF, the Company has caused this Certificate of Designations to be signed by John G. Stumpf, its Chairman, President and Chief Executive Officer, and attested by Jeannine E. Zahn, its Assistant Secretary, whereby such President and Chief Executive Officer affirms, under penalties of perjury, that this Certificate of Designations is the act and deed of the Company and that the facts stated herein are true, this 23rd day of March, 2010.

WELLS FARGO & COMPANY

By /s/ John G. Stumpf
John G. Stumpf
Chairman, President and
Chief Executive Officer

Attest:

/s/ Jeannine E. Zahn
Jeannine E. Zahn
Assistant Secretary

[As filed with the Delaware Secretary of State on March 23, 2010.]

WELLS FARGO & COMPANY

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CERTIFICATE OF AMENDMENT
OF
CERTIFICATE OF INCORPORATION

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Pursuant to Section 242 of the
General Corporation Law of the State of Delaware

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Laurel A. Holschuh, Senior Vice President, and Rachelle M. Graham, Assistant Secretary, of Wells Fargo & Company, a corporation organized and existing under and by virtue of the General Corporation Law of the State of Delaware (the "Company"), do hereby certify:

FIRST: That at a meeting of the Board of Directors of the Company duly held on February 23, 2010, a resolution was duly adopted setting forth a proposed amendment of the Restated Certificate of Incorporation of the Company, declaring the advisability of the amendment, and directing that the amendment be presented to stockholders of the Company for their consideration at the next annual meeting of the stockholders to be held on April 27, 2010. The resolution setting forth the proposed amendment is as follows:

RESOLVED that an amendment to ARTICLE FOURTH of the Company's Restated Certificate of Incorporation, as amended, to increase the authorized common stock to 9,000,000,000 shares is hereby proposed and declared advisable, and the following amendment to the first sentence of ARTICLE FOURTH is hereby directed to be presented to the stockholders of the Company for consideration at the annual meeting of stockholders to be held on April 27, 2010:

FOURTH: The total number of shares of all classes of stock which the corporation shall have authority to issue is Nine Billion Twenty-Four Million (9,024,000,000), consisting of Twenty Million (20,000,000) shares of Preferred Stock without par value, Four Million (4,000,000) shares of Preference Stock without par value, and Nine Billion (9,000,000,000) shares of Common Stock of the par value of $1 2/3 per share.

SECOND: That at such annual meeting of stockholders, duly called and held upon notice in accordance with Section 222 of the General Corporation Law of the State of Delaware, which notice set forth in full the proposed amendment, a majority of the outstanding shares of common stock of the Company were voted in favor of the amendment.

THIRD: That the amendment was duly adopted in accordance with the provisions of Section 242 of the General Corporation Law of the State of Delaware.

IN WITNESS WHEREOF, WELLS FARGO & COMPANY has caused this Certificate to be signed by Laurel A. Holschuh, its Senior Vice President, and attested by Rachelle M. Graham, its Assistant Secretary, this 29th day of April, 2010.

WELLS FARGO & COMPANY:

(Corporate Seal)

By: /s/ Laurel A. Holschuh
Senior Vice President

ATTEST:

By: /s/ Rachelle M. Graham
Assistant Secretary

[As filed with the Delaware Secretary of State on April 29, 2010.]

WELLS FARGO & COMPANY

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CERTIFICATE OF DESIGNATIONS
Pursuant to Section 151 of the
General Corporation Law of the State of Delaware

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2011 ESOP CUMULATIVE CONVERTIBLE PREFERRED STOCK
(Without Par Value)

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WELLS FARGO & COMPANY, a corporation organized and existing under the laws of the State of Delaware (the "Company"), HEREBY CERTIFIES that, pursuant to authority conferred upon the Board of Directors of the Company (the "Board") by the provisions of the Restated Certificate of Incorporation of the Company, as amended, which authorizes the issuance of not more than 20,000,000 shares of Preferred Stock, without par value (the "Preferred Stock"), and pursuant to authority conferred upon the ESOP Preferred Stock Committee I of the Board (the "ESOP Committee") in accordance with Section 141(c) of the General Corporation Law of the State of Delaware (the "General Corporation Law") and by the resolutions of the Board set forth herein, the following resolutions were duly adopted by the Board at meetings of the Board duly held on January 25, 2000 and February 24, 2009, and by the ESOP Committee pursuant to the written consent of the ESOP Committee duly adopted on March 15, 2011, in accordance with Section 141(f) of the General Corporation Law:

1. On January 25, 2000, the Board adopted the following resolutions (the "ESOP Board Resolutions") appointing the ESOP Committee and delegating to the ESOP Committee the full powers of the Board, subject to the ESOP Board Resolutions, in all matters relating to issuance of one or more series of Preferred Stock ("ESOP Preferred Stock") to the trustee on behalf of the Company's 401(k) Plan hereinafter referred to:

RESOLVED that a committee of one member of the Board of the Company is hereby appointed by the Board as the ESOP Preferred Stock Committee I (the "First Committee"), which shall have and may exercise the full powers of the Board, subject to these resolutions, to issue from time to time one or more series of ESOP Preferred Stock, including any shares of Company common stock ($1 2/3 par value) issuable upon conversion of ESOP Preferred Stock, and in connection therewith, to fix the designations, voting powers, preferences, and all other rights, qualifications and restrictions of such ESOP Preferred Stock, to sell such ESOP Preferred Stock to the Plan on such terms and conditions and for such purchase price as the First Committee in its discretion shall approve, and to take any and all actions as the First Committee shall deem necessary or appropriate.

2. Pursuant to resolutions adopted on February 24, 2009, the Board designated John G. Stumpf as the sole member of the ESOP Committee, effective April 29, 2009.

3. On March 15, 2011, pursuant to authority conferred upon it by the Board in the ESOP Board Resolutions, the ESOP Committee adopted the following resolutions by written consent in accordance with Section 141(f) of the General Corporation Law:

RESOLVED that the issuance of a series of Preferred Stock, without par value, of the Company is hereby authorized and the designation, voting powers, preferences, and relative, participating, optional, and other special rights, and qualifications, limitations and restrictions thereof, in addition to those set forth in the Restated Certificate of Incorporation of the Company, as amended, are hereby fixed as follows:

2011 ESOP CUMULATIVE CONVERTIBLE PREFERRED STOCK

1. Designation and Number of Shares; Restricted Issue.

(a) The designation of the series of Preferred Stock, without par value, provided for herein shall be "2011 ESOP Cumulative Convertible Preferred Stock" (hereinafter referred to as the "2011 ESOP Preferred Stock") and the number of authorized shares constituting the 2011 ESOP Preferred Stock is 1,200,000, based on an offering price for the 2011 ESOP Preferred Stock of $1,085.00 per share. Each share of 2011 ESOP Preferred Stock shall have a stated value of $1,000.00 per share. The number of authorized shares of 2011 ESOP Preferred Stock may be reduced by further resolution duly adopted by the Board or the Securities Committee and by the filing of a certificate pursuant to the provisions of the General Corporation Law of the State of Delaware stating that such reduction has been so authorized, provided, however, that the authorized number of shares of 2011 ESOP Preferred Stock shall not be decreased below the then outstanding number of such shares, and provided further that the number of authorized shares of 2011 ESOP Preferred Stock shall not be increased. All shares of the 2011 ESOP Preferred Stock purchased, redeemed, or converted by the Company shall be retired and canceled and shall be restored to the status of authorized but unissued shares of Preferred Stock, without designation as to series, and may thereafter be issued, but not as shares of 2011 ESOP Preferred Stock.

(b) Shares of 2011 ESOP Preferred Stock shall be issued only to a trustee (the "Trustee") acting on behalf of the Wells Fargo & Company 401(k) Plan, or any successor to such plan (the "Plan"). All references to the holder of shares of 2011 ESOP Preferred Stock shall mean the Trustee or any company with which or into which the Trustee may merge or any successor trustee under the trust agreement with respect to the Plan. In the event of any transfer of record ownership of shares of 2011 ESOP Preferred Stock to any person other than any successor trustee under the Plan, the shares of 2011 ESOP Preferred Stock so transferred, upon such transfer and without any further action by the Company or the holder thereof, shall be automatically converted into shares of the common stock, par value $1-2/3 per share, of the Company (the "Common Stock") on the terms otherwise provided for the conversion of the shares of 2011 ESOP Preferred Stock into shares of Common Stock pursuant to paragraph (a) of Section 4 hereof, and no such transferee shall have any of the voting powers, preferences, and relative, participating, optional or special rights ascribed to shares of 2011 ESOP Preferred Stock hereunder but, rather, only the powers and rights pertaining to the Common Stock into which such shares of 2011 ESOP Preferred Stock shall be so converted. In the event of such a conversion, the transferee of the shares of 2011 ESOP Preferred Stock shall be treated for all purposes as the record holder of the shares of Common Stock into which such shares of 2011 ESOP Preferred Stock have been automatically converted as of the date of such transfer. Shares of 2011 ESOP Preferred Stock may be certificated or uncertificated, at the Company's option. Certificates representing shares of 2011 ESOP Preferred Stock shall bear a legend to reflect the foregoing provisions. In the case of uncertificated 2011 ESOP Preferred Stock, the transfer agent for the 2011 ESOP Preferred Stock shall note the foregoing provisions on each 2011 ESOP Preferred Stock book entry account. The Company may require that, as a condition to transferring record ownership of any uncertificated 2011 ESOP Preferred Stock, the proposed transferee acknowledge in writing that the shares of 2011 ESOP Preferred Stock are subject to the foregoing provisions. Notwithstanding the foregoing provisions of this paragraph (b) of Section 1, shares of 2011 ESOP

Preferred Stock (i)(A) shall be converted into shares of Common Stock as provided in paragraph (a) of Section 4 hereof, and (B) may be converted into shares of Common Stock as provided by paragraph (b) of Section 4 hereof and the shares of Common Stock issued upon such conversion may be transferred by the holder thereof as permitted by law and (ii) shall be redeemable by the Company upon the terms and conditions provided in Sections 5 and 6(c) hereof.

2. Voting Rights. No shares of 2011 ESOP Preferred Stock shall have voting rights except such voting rights as may from time to time be required by law and as set forth in this Section 2, as follows:

(a) Whenever, at any time or times, dividends payable on shares of 2011 ESOP Preferred Stock shall be in arrears for such number of dividend periods which shall in the aggregate contain not less than 540 days, the holders of the outstanding shares of 2011 ESOP Preferred Stock shall have the exclusive right, voting together as a class with holders of shares of any one or more other series of Preferred Stock ranking on a parity with the shares of 2011 ESOP Preferred Stock, either as to dividends or on the distribution of assets upon liquidation, dissolution or winding up, and upon which like voting rights have been conferred and are exercisable, to elect two directors of the Company at the Company's next annual meeting of stockholders and at each subsequent annual meeting of stockholders. At elections for such directors, each holder of the shares of 2011 ESOP Preferred Stock shall be entitled to one vote for each share held (the holders of shares of any other series of Preferred Stock ranking on such a parity being entitled to such number of votes, if any, for each share of Preferred Stock held as may be granted to them). Upon the vesting of such right of such holders, the maximum authorized number of members of the Board shall automatically be increased by two and the two vacancies so created shall be filled by vote of the holders of such outstanding shares of 2011 ESOP Preferred Stock (together with the holders of shares of any one or more other series of Preferred Stock ranking on such a parity and upon which like voting rights have been conferred and are exercisable) as herein set forth. The right of such holders of such shares of 2011 ESOP Preferred Stock (voting together as a class with the holders of shares of any one or more other series of Preferred Stock ranking on such a parity and upon which like voting rights have been conferred and are exercisable) to elect members of the Board as aforesaid shall continue until such time as all dividends accumulated on such shares of 2011 ESOP Preferred Stock shall have been paid in full, at which time such right with respect to such shares of 2011 ESOP Preferred Stock shall terminate, except as herein or by law expressly provided, subject to revesting in the event of each and every subsequent default of the character above mentioned.

(b) Upon any termination of the right of the holders of all shares of Preferred Stock entitled to vote for directors as herein provided, the term of office of all directors then in office elected by such holders voting as a class shall terminate immediately. If the office of any director elected by such holders voting as a class becomes vacant by reason of death, resignation, retirement, disqualification, removal from office or otherwise, the remaining director elected by such holders may choose a successor to fill such vacancy, which such successor shall hold office for the unexpired term in respect of which such vacancy occurred. Whenever the term of office of the directors elected by such holders voting as a class shall end and the special voting powers vested in such holders as provided in this resolution shall have expired, the number of directors shall be such number as may be provided for in the By-Laws of the Company irrespective of any increase made pursuant to the provisions of this resolution.

(c) So long as any shares of 2011 ESOP Preferred Stock remain outstanding, the consent of the holders of the outstanding shares of 2011 ESOP Preferred Stock and outstanding shares of all other series of Preferred Stock ranking on a parity with such shares of 2011 ESOP Preferred Stock either as to dividends or the distribution of assets upon liquidation, dissolution or winding up and upon which like voting rights have been conferred and are exercisable, by a vote of at least two-thirds of all such

outstanding shares of 2011 ESOP Preferred Stock and such other series of Preferred Stock voting together as a class, given in person or by proxy, either in writing or at any special or annual meeting called for the purpose, shall be necessary to permit, effect or validate any one or more of the following:

(i) the authorization, creation or issuance, or any increase in the authorized or issued amount, of any class or series of stock ranking prior to shares of 2011 ESOP Preferred Stock with respect to payment of dividends or the distribution of assets on liquidation, dissolution or winding up, or

(ii) the amendment, alteration or repeal, whether by merger, consolidation or otherwise, of any of the provisions of the Restated Certificate of Incorporation or of the resolutions set forth in a Certificate of Designations designating shares of 2011 ESOP Preferred Stock and the preferences and relative, participating, optional and other special rights and qualifications, limitations and restrictions thereof which would materially and adversely affect any right, preference, privilege or voting power of the shares of 2011 ESOP Preferred Stock or of the holders thereof; provided, however, that any increase in the amount of authorized Preferred Stock, or the creation and issuance of other series of Preferred Stock, or any increase in the amount of authorized shares of any series of Preferred Stock, in each case ranking on a parity with or junior to the shares of 2011 ESOP Preferred Stock with respect to the payment of dividends and the distribution of assets upon liquidation, dissolution or winding up, shall not be deemed to materially and adversely affect such rights, preferences, privileges or voting powers.

(d) The foregoing voting provisions shall not apply if, at or prior to the time when the act with respect to which such vote would otherwise be required shall be effected, all outstanding shares of 2011 ESOP Preferred Stock shall have been redeemed or sufficient funds shall have been deposited in trust to effect such redemption.

3. Dividends. (a)(i) Holders of shares of 2011 ESOP Preferred Stock will be entitled to receive, when and as declared by the Board or a duly authorized committee thereof, out of assets of the Company legally available for payment, an annual cash dividend of $90.00 (the "Base Dividend") per share, which Base Dividend shall be subject to adjustment from time to time as provided in this Section 3.

(ii) The Base Dividend shall be adjusted, effective on December 1, 2012 and on each December 1 thereafter until December 1, 2020, as follows:

(1) If the Current Market Price (as hereinafter defined) of one share of Common Stock on November 30 (or the next preceding Trading Day (as hereinafter defined) if November 30 is not a Trading Day) of any year listed in the Dividend Adjustment Table below is equal to or greater than the First Target Price but less than the Second Target Price shown opposite that year in such table, then holders of shares of the 2011 ESOP Preferred Stock will be entitled to receive a cash dividend for the immediately following twelve month period equal to $95.00 per share (the "First Adjusted Dividend").

(2) If the Current Market Price of one share of Common Stock on November 30 (or the next preceding Trading Day if November 30 is not a Trading Day) of any year listed in the Dividend Adjustment Table below is equal to or greater than the Second Target Price shown opposite that year in such table, then holders of shares of 2011 ESOP Preferred Stock will be entitled to receive a cash dividend for the immediately following twelve month period equal to $100.00 per share (the "Second Adjusted Dividend").

(3) If the Current Market Price of one share of Common Stock on November 30 (or next preceding Trading Day if November 30 is not a Trading Day) of any year listed in

the Dividend Adjustment Table below is less than the First Target Price shown opposite that year in such table, then the holders of shares of 2011 ESOP Preferred Stock will be entitled to receive a cash dividend for the immediately following twelve month period equal to the Base Dividend.

**Dividend Adjustment Table**

| Closing Price on 11/30 | First Target Price | Second Target Price |
|---|---|---|
| 2012 | 38.559 | 45.346 |
| 2013 | 42.705 | 55.095 |
| 2014 | 47.295 | 66.941 |
| 2015 | 52.380 | 81.333 |
| 2016 | 58.010 | 98.820 |
| 2017 | 64.247 | 120.066 |
| 2018 | 71.153 | 145.880 |
| 2019 | 78.802 | 177.244 |
| 2020 | 87.273 | 215.352 |

(4) As an example of the adjustments described in subparagraphs (1) through (3) above, if on November 30, 2012, the Current Market Price of one share of Common Stock is $40.00, then the cash dividend payable for the immediately following twelve month period per share of 2011 ESOP Preferred Stock would equal $95.00, with the first quarterly payment of such $95.00 dividend to be made on March 1, 2013. If on November 30, 2013, the Current Market Price of one share of Common Stock is $60.00, then the cash dividend payable for the immediately following twelve month period per share of 2011 ESOP Preferred Stock would equal $100.00, with the first quarterly payment of such $100.00 dividend to be made on March 1, 2014. If on November 30, 2014, the Current Market Price of one share of Common Stock is $40.00, then the cash dividend payable for the immediately following twelve month period per share of 2011 ESOP Preferred Stock would equal $90.00, with the first quarterly payment of such $90.00 dividend to be made on March 1, 2015.

(5) For purposes of this Section 3, the terms “First Adjusted Dividend” and “Second Adjusted Dividend” are sometimes referred to as an “Adjusted Dividend;” the term “Current Market Price” shall have the meaning given to it in Section 4(c)(iv); and the term “Trading Day” shall have the meaning given to it in Section 4(c)(vi).

(iii) If one share of Common Stock in any year listed in the Dividend Adjustment Table shall be changed into a different number of shares or a different class of shares by reason of any reclassification, recapitalization, split-up, combination, exchange of shares or readjustment, or if a stock dividend thereon shall be declared with a record date within such period, then the First Target Price and the Second Target Price listed in such table for that year and each subsequent year will be appropriately and proportionately adjusted.

(iv) Dividends payable on shares of the 2011 ESOP Preferred Stock (whether such dividends are equal to the Base Dividend or to an Adjusted Dividend) shall be payable quarterly on March 1, June 1, September 1, and December 1 of each year, commencing June 1, 2011. Dividends on shares of the 2011 ESOP Preferred Stock will be cumulative from the date of initial issuance of such shares of 2011 ESOP Preferred Stock. Dividends will be payable, in arrears, to holders of record as they

appear on the stock books of the Company on such record dates, not more than 30 days nor less than 15 days preceding the payment dates thereof, as shall be fixed by the Board or a duly authorized committee thereof. The amount of dividends payable per share for each dividend period shall be computed by dividing by four the Base Dividend or the Adjusted Dividend, whichever is then applicable. The amount of dividends payable for the initial dividend period or any period shorter than a full dividend period shall be calculated on the basis of actual days elapsed in a 360-day year of twelve 30-day months.

(b)(i) No full dividends shall be declared or paid or set apart for payment on any stock of the Company ranking, as to dividends, on a parity with or junior to the 2011 ESOP Preferred Stock for any period unless full cumulative dividends have been or contemporaneously are declared and paid or declared and a sum sufficient for the payment thereof has been set apart for such payment on shares of 2011 ESOP Preferred Stock for all dividend payment periods terminating on or prior to the date of payment of such full cumulative dividends. When dividends are not paid in full, as aforesaid, upon the shares of 2011 ESOP Preferred Stock and any other series of Preferred Stock ranking on a parity as to dividends
with 2011 ESOP Preferred Stock, all dividends declared upon shares of 2011 ESOP Preferred Stock and any other series of Preferred Stock ranking on a parity as to dividends with 2011 ESOP Preferred Stock shall be declared pro rata so that the amount of dividends declared per share on 2011 ESOP Preferred Stock and such other series of Preferred Stock shall in all cases bear to each other the same ratio that accrued dividends per share on the shares of 2011 ESOP Preferred Stock and such other series of Preferred Stock bear to each other. Holders of shares of 2011 ESOP Preferred Stock shall not be entitled to any dividend, whether payable in cash, property, or stock, in excess of full cumulative dividends, as herein provided, on 2011 ESOP Preferred Stock. No interest, or sum of money in lieu of interest, shall be payable in respect of any dividend payment or payments on 2011 ESOP Preferred Stock which may be in arrears.

(ii) So long as any shares of 2011 ESOP Preferred Stock are outstanding, no dividend (other than dividends or distributions paid in shares of, or options, warrants, or rights to subscribe for or purchase shares of, Common Stock or any other stock ranking junior to 2011 ESOP Preferred Stock as to dividends or upon liquidation and other than as provided in paragraph (b)(i) of this Section 3) shall be declared or paid or set aside for payment or other distribution declared or made upon Common Stock or any other capital stock of the Company ranking junior to or on a parity with 2011 ESOP Preferred Stock as to dividends or upon liquidation, nor shall any Common Stock or any other capital stock of the Company ranking junior to or on a parity with 2011 ESOP Preferred Stock as to dividends or upon liquidation be redeemed, purchased, or otherwise acquired for any consideration (or any moneys be paid to or made available for a sinking fund for the redemption of any shares of any such stock) by the Company (except by conversion into or exchange for stock of the Company ranking junior to 2011 ESOP Preferred Stock as to dividends or upon liquidation), unless, in each case, the full cumulative dividends on all outstanding shares of 2011 ESOP Preferred Stock shall have been paid or declared and set aside for payment of the then current dividend payment period and all past dividend payment periods.

4. Conversion. Shares of 2011 ESOP Preferred Stock are convertible from time to time hereafter pursuant to the provisions of paragraphs (a) or (b) of this Section 4 into that number of shares of Common Stock determined by dividing the stated value of each share of 2011 ESOP Preferred Stock by the then applicable Conversion Price, (as determined in accordance with the provisions of paragraph (c)(iii) of this Section 4), as follows:

(a) Each share of 2011 ESOP Preferred Stock released from the unallocated reserve of the Plan in accordance with the terms thereof shall be automatically converted, without any further action by the Company or the holder thereof, as of the date such release occurs (the "Release Date"), into fully paid and nonassessable shares of Common Stock at the then applicable Conversion Price for the 2011 ESOP Preferred Stock provided for in paragraph (c) of this Section 4.

(b) Subject to and upon compliance with the provisions of this Section 4, a holder of 2011 ESOP Preferred Stock shall be entitled at any time, prior to the close of business on the date fixed for redemption of such shares pursuant to Sections 5 or 6 hereof, to cause any or all of the shares of 2011 ESOP Preferred Stock held by such holder to be converted into fully paid and nonassessable shares of Common Stock at the then applicable Conversion Price for 2011 ESOP Preferred Stock provided for in paragraph (c) of this Section 4.

(c) For purposes of these resolutions, the following terms shall have the meanings set forth below:

(i) The "Average Current Market Price" per share of Common Stock on any date shall be deemed to be the average of the Current Market Price for one share of Common Stock for the twenty (20) consecutive Trading Days ending on the Trading Day occurring prior to the date the "Purchase Offer" is made (as that term is defined in Section 6(d) hereof).

(ii) A "Business Day" means each day that is not a Saturday, Sunday, or a day on which state or federally chartered banking institutions in the State of New York are not required to be open.

(iii) (A) For purposes of a mandatory conversion of shares of 2011 ESOP Preferred Stock into shares of Common Stock pursuant to the provisions of paragraph (a) of this Section 4, the "Conversion Price" for such shares of 2011 ESOP Preferred Stock shall be the Current Market Price of one share of Common Stock on the relevant Release Date.

(B) For purposes of an optional conversion of shares of 2011 ESOP Preferred Stock into shares of Common Stock pursuant to the provisions of paragraph (b) of this Section 4, the "Conversion Price" for such shares of 2011 ESOP Preferred Stock shall be the Current Market Price of one share of Common Stock on the date the Conversion Notice (as that term is defined in paragraph (d) of this Section 4) is received by the Company, by the transfer agent for the 2011 ESOP Preferred Stock or by any agent for conversion of the 2011 ESOP Preferred Stock designated as such pursuant to paragraph (d) of this Section 4.

(C) For purposes of a conversion of shares of 2011 ESOP Preferred Stock into shares of Common Stock in connection with a "Purchase Offer" (as defined in Section 6(d) hereof), the "Conversion Price" for such shares of 2011 ESOP Preferred Stock shall be the Average Current Market Price of one share of Common Stock.

Each share of 2011 ESOP Preferred Stock shall be valued at its stated value of $1,000.00 for purposes of computing, based on the applicable Conversion Price, the number of shares of Common Stock into which the shares of 2011 ESOP Preferred Stock will be converted.

(iv) The "Current Market Price" of publicly traded shares of Common Stock or any other class of capital stock or other security of the Company or any other issuer for any day shall

mean the reported last sale price, regular way, or, in case no sale takes place on such day, the average of the reported closing bid and asked prices, regular way, in either case as reported on the New York Stock Exchange only or, if the Common Stock is not listed or admitted to trading on the New York Stock Exchange, on the principal national securities exchange on which the Common Stock is listed or admitted to trading or, if not listed or admitted to trading on any national securities exchange, on the National Market System of the National Association of Securities Dealers, Inc. Automated Quotations System ("NASDAQ") or, if the Common Stock is not quoted on such National Market System, the average of the closing bid and asked prices on such day in the over-the-counter market as reported by NASDAQ or, if bid and asked prices for the Common Stock on each such day shall not have been reported through NASDAQ, the average of the bid and asked prices for such day as furnished by any New York Stock Exchange member firm regularly making a market in the Common Stock selected for such purpose by the Board or a committee thereof or, if no such quotations are available, the fair market value of the Common Stock as determined by a New York Stock Exchange member firm regularly making a market in the Common Stock selected for such purpose by the Board or a committee thereof.

(v) "Common Stock" shall mean the Common Stock of the Company as the same exists at the date of this Certificate of Designations or as such stock may be constituted from time to time.

(vi) "Trading Day" with respect to Common Stock means (x) if the Common Stock is listed or admitted for trading on the New York Stock Exchange or another national securities exchange, a day on which the New York Stock Exchange or such other national securities exchange is open for business or (y) if the Common Stock is quoted on the National Market System of NASDAQ, a day on which trades may be made on such National Market System or (z) otherwise, any Business Day.

(d) In connection with any conversion of 2011 ESOP Preferred Stock pursuant to this Section 4, a written notice of conversion (the "Conversion Notice") shall be delivered to the Company at its principal executive office or the offices of the transfer agent for the 2011 ESOP Preferred Stock or such office or offices in the continental United States of an agent for conversion as may from time to time be designated by notice to the holders of the 2011 ESOP Preferred Stock by the Company or the transfer agent for the 2011 ESOP Preferred Stock, which notice shall be accompanied by (a) in the case of certificated 2011 ESOP Preferred Stock, the certificate or certificates representing the shares of 2011 ESOP Preferred Stock being converted pursuant to this Section 4, duly assigned or endorsed for transfer to the Company (or accompanied by duly executed stock powers relating thereto) and (b) in the case of uncertificated 2011 ESOP Preferred Stock, duly executed assignment and transfer documents for the shares of 2011 ESOP Preferred Stock being converted pursuant to this Section 4. Each Conversion Notice shall specify (i)(y) in the case of a mandatory conversion pursuant to paragraph (a) of this Section 4, the number of shares of 2011 ESOP Preferred Stock released from the unallocated reserve of the Plan on the Release Date or (z) in the case of an optional conversion pursuant to paragraph (b) of this Section 4, the number of shares of 2011 ESOP Preferred Stock being converted, and (ii) in connection with any conversion hereunder, (x) the name or names in which such holder wishes the certificate or certificates for Common Stock and, in the case of certificated 2011 ESOP Preferred Stock, for any shares of 2011 ESOP Preferred Stock not to be so converted to be issued, (y) the address to which such holder wishes delivery to be made of such new certificates to be issued upon such conversion, and (z) such other information as the Company or its agents may reasonably request.

(e) Upon delivery to the Company or the transfer agent for the 2011 ESOP Preferred Stock of the Conversion Notice and all other documentation and certificates required to effect the conversion, as provided in paragraph (d) of this Section 4, the Company shall issue and send by hand

delivery, by courier or by first-class mail (postage prepaid) to the holder thereof or to such holder's designee, at the address designated by such holder, a certificate or certificates for the number of shares of Common Stock to which such holder shall be entitled upon conversion. If there shall have been surrendered a certificate or certificates representing shares of 2011 ESOP Preferred Stock only part of which are to be converted, the Company shall issue and deliver to such holder or such holder's designee, in the manner set forth in the preceding sentence, a new certificate or certificates representing the number of shares of 2011 ESOP Preferred Stock which shall not have been converted.

(f) The issuance by the Company of shares of Common Stock upon a conversion of shares of 2011 ESOP Preferred Stock into shares of Common Stock made pursuant to this Section 4 shall be effective (i) in the case of a mandatory conversion of shares of 2011 ESOP Preferred Stock pursuant to paragraph (a) of this Section 4, as of the Release Date; and (ii) in the case of an optional conversion of such shares pursuant to paragraph (b) of this Section 4, as of the earlier of (A) the delivery to such holder or such holder's designee of the certificates representing the shares of Common Stock issued upon conversion thereof or (B) the commencement of business on the second Business Day after the delivery to the Company or the transfer agent for the 2011 ESOP Preferred Stock of the Conversion Notice and all other documentation and certificates required to effect the conversion, as provided in paragraph (d) of this Section 4. On and after the effective date of conversion, the person or persons entitled to receive the Common Stock issuable upon such conversion shall be treated for all purposes as the record holder or holders of such shares of Common Stock, but no allowance or adjustment shall be made in respect of dividends payable to holders of Common Stock in respect of any period prior to such effective date. The Company shall not be obligated to pay any dividends which shall have accrued or have been declared and shall be payable to holders of shares of 2011 ESOP Preferred Stock if the date on which such dividends are paid is on or after the effective date of conversion of such shares.

(g) The Company shall not be obligated to deliver to holders of 2011 ESOP Preferred Stock any fractional share or shares of Common Stock issuable upon any conversion of such shares of 2011 ESOP Preferred Stock, but in lieu thereof may make a cash payment in respect thereof in any manner permitted by law.

(h) The Company shall at all times reserve and keep available out of its authorized and unissued Common Stock, solely for issuance upon the conversion of shares of 2011 ESOP Preferred Stock as herein provided, free from any preemptive rights, such number of shares of Common Stock as shall from time to time be issuable upon the conversion of all the shares of 2011 ESOP Preferred Stock then outstanding.

(i) The Company will use its best efforts to cause the listing of the shares of Common Stock required to be delivered upon conversion of the 2011 ESOP Preferred Stock prior to distribution to Plan participants on the national securities exchange, if any, upon which the outstanding Common Stock is listed at the time of such delivery.

(j) The Company will pay any and all documentary stamp or similar issue or transfer taxes payable in respect of the issue or delivery of shares of Common Stock on conversions of the 2011 ESOP Preferred Stock pursuant hereto; provided, however, that the Company shall not be required to pay any tax which may be payable in respect of any transfer involved in the issue or delivery of shares of Common Stock in a name other than that of the holder of the 2011 ESOP Preferred Stock to be converted and no such issue or delivery shall be made unless and until the person requesting such issue or delivery has paid to the Company the amount of any such tax or has established, to the satisfaction of the Company, that such tax has been paid.

5. Redemption At the Option of the Company. (a) The 2011 ESOP Preferred Stock shall be redeemable, in whole or in part, at the option of the Company at any time, at a redemption price per share of 2011 ESOP Preferred Stock equal to the higher of (x) $1,000.00 per share, plus an amount equal to all accrued and unpaid dividends thereon to the date fixed for redemption, and (y) the Fair Market Value (as that term is defined in paragraph (d) of this Section 5) per share of 2011 ESOP Preferred Stock on the date fixed for redemption. Payment of the redemption price shall be made by the Company in cash or shares of Common Stock, or a combination thereof, as permitted by paragraph (c) of this Section 5. From and after the date fixed for redemption, dividends on shares of 2011 ESOP Preferred Stock called for redemption will cease to accrue and all rights in respect of such shares of the Company shall cease, except the right to receive the redemption price. Upon payment of the redemption price, such shares shall be deemed to have been transferred to the Company, to be retired as provided in paragraph (a) of Section 1. If the full cumulative dividends have not been paid, or contemporaneously declared and set aside for payment, on all outstanding shares of 2011 ESOP Preferred Stock, the Company may not redeem fewer than all the outstanding shares of 2011 ESOP Preferred Stock pursuant to this Section 5.

(b) Unless otherwise required by law, notice of any redemption pursuant to this Section 5 will be sent to the holders of 2011 ESOP Preferred Stock at the address shown on the books of the Company or any transfer agent for the 2011 ESOP Preferred Stock by hand delivery, by courier, by standard form of telecommunication or by first-class mail (postage prepaid) delivered, sent or mailed, as the case may be, not less than twenty (20) days nor more than sixty (60) days prior to the redemption date. Each such notice shall state: (i) the redemption date; (ii) the total number of shares of the 2011 ESOP Preferred Stock to be redeemed and, if fewer than all the shares held by such holder are to be redeemed, the number of such shares to be redeemed from such holder; (iii) the redemption price; (iv) whether the redemption price shall be paid in cash or in shares of Common Stock, or in a combination of such Common Stock and cash; (v) in the case of certificated 2011 ESOP Preferred Stock the place or places where certificates for such shares are to be surrendered for payment of the redemption price; (vi) that dividends on the shares to be redeemed will cease to accrue on such redemption date; and (vii) the conversion rights of the shares to be redeemed, the period within which conversion rights may be exercised and the manner in which the number of shares of Common Stock issuable upon conversion of a share of 2011 ESOP Preferred Stock will be determined. The Company shall redeem shares so called for redemption and not previously converted at the date fixed for redemption and at the redemption price set forth in this Section 5, provided that, in the case of certificated 2011 ESOP Preferred Stock, the Company shall not be obligated to pay the redemption price until the certificates for the shares to be redeemed are surrendered (properly endorsed or assigned for transfer, if the Board of Directors of the Company shall so require and the notice shall so state).

(c) The Company, at its option, may make payment of the redemption price required upon redemption of shares of 2011 ESOP Preferred Stock in cash or in shares of Common Stock, or in a combination of such Common Stock and cash, any such shares of Common Stock to be valued for such purposes at their Fair Market Value (as defined in paragraph (d)(ii) of this Section 5) or their Current Market Price, in either case as of the date fixed for redemption of the 2011 ESOP Preferred Stock, whichever value will result in the issuance of the greater number of shares of Common Stock to the holder of the 2011 ESOP Preferred Stock then being redeemed.

(d) For purposes of these resolutions, the following terms shall have the meanings set forth below:

(i) "Adjustment Period" shall mean the period of five (5) consecutive Trading Days preceding the date as of which the Fair Market Value of a security is to be determined.

(ii) "Fair Market Value" shall mean, as to shares of Common Stock or any other class of capital stock or securities of the Company or any other issue which are publicly traded, the average of the Current Market Prices of such shares or securities for each day of the Adjustment Period. The "Fair Market Value" of any security which is not publicly traded (other than the 2011 ESOP Preferred Stock) or of any other property shall mean the fair value thereof on the date as of which the Fair Market Value of the security is to be determined, as determined by an independent investment banking or appraisal firm experienced in the valuation of such securities or property selected in good faith by the Board or a committee thereof. The "Fair Market Value" of the 2011 ESOP Preferred Stock for purposes of paragraph (a) of Section 5, and for purposes of paragraph (c) of Section 6 shall mean the fair market value thereof determined by an independent appraiser, appointed by the Trustee of the Plan in accordance with the provisions of the Plan, as of the date fixed for redemption of the 2011 ESOP Preferred Stock (in the case of a redemption pursuant to Section 5) or as of the date specified in paragraph (c) of Section 6 (in the case of a redemption under that section). For purposes of determining the Fair Market Value of the 2011 ESOP Preferred Stock, the independent appraiser shall assume (i) that all dividends on the 2011 ESOP Preferred Stock would have been paid when due, and (ii) that the mandatory conversion of shares of 2011 ESOP Preferred Stock held by the Plan into shares of Common Stock pursuant to Section 4(a) hereof would have occurred when and as payments of principal (together with accrued interest thereon) would have been made by the Trustee of the Plan in accordance with the terms of that certain 2011 ESOP Cumulative Convertible Preferred Stock Note Agreement dated on or about March 18, 2011 between the Company and the Plan (including any amendments or modifications thereto).

6. Consolidation, Merger, etc. (a) If the Company consummates any consolidation or merger or similar business combination, pursuant to which the outstanding shares of Common Stock are by operation of law exchanged solely for or changed, reclassified or converted solely into stock of any successor or resulting corporation (including the Company) that constitutes "qualifying employer securities" with respect to a holder of 2011 ESOP Preferred Stock within the meaning of Section 409(1) of the Internal Revenue Code of 1986, as amended, and Section 407(d)(5) of the Employee Retirement Income Security Act of 1974, as amended, or any successor provisions of law, and, if applicable, for a cash payment in lieu of fractional shares, if any, the shares of 2011 ESOP Preferred Stock of such holder shall, in connection with such consolidation, merger or similar business combination, be assumed by and shall become Preferred Stock of such successor or resulting corporation, having in respect of such corporation, insofar as possible, the same powers, preferences and relative, participating, optional or other special rights (including the redemption rights provided by Sections 5 and 6 hereof), and the qualifications, limitations or restrictions thereon, that the 2011 ESOP Preferred Stock had immediately prior to such transaction, subject to the following:

(1) After such transaction each share of the 2011 ESOP Preferred Stock shall be convertible, otherwise on the terms and conditions provided by Section 4 hereof, into the number and kind of qualifying employer securities so receivable by a holder of the number of shares of Common Stock into which such shares of 2011 ESOP Preferred Stock could have been converted immediately prior to such transaction.

(2) The Company shall not consummate any such merger, consolidation or similar transaction unless all then outstanding shares of 2011 ESOP Preferred Stock shall be assumed and authorized by the successor or resulting corporation as aforesaid.

(b) If the Company consummates any consolidation or merger or similar business combination, pursuant to which the outstanding shares of Common Stock are by operation of law exchanged for or changed, reclassified or converted into other stock or securities or cash or any other property, or any combination thereof, other than any such consideration which is constituted solely of qualifying employer securities (as referred to in paragraph (a) of this Section 6) and cash payments, if applicable, in lieu of fractional shares, outstanding shares of 2011 ESOP Preferred Stock shall, without any action on the part of the Company or any holder thereof (but subject to paragraph (c) of this Section 6), be automatically converted by virtue of such merger, consolidation or similar transaction immediately prior to such consummation into the number of shares of Common Stock into which such shares of 2011 ESOP Preferred Stock could have been converted at such time so that each share of 2011 ESOP Preferred Stock shall, by virtue of such transaction and on the same terms as apply to the holders of Common Stock, be converted into or exchanged for the aggregate amount of stock, securities, cash or other property (payable in like kind) receivable by a holder of the number of shares of Common Stock into which such shares of 2011 ESOP Preferred Stock could have been converted immediately prior to such transaction. However, if by virtue of the structure of such transaction, a holder of Common Stock is required to make an election with respect to the nature and kind of consideration to be received in such transaction, which election cannot practicably be made by the holders of the 2011 ESOP Preferred Stock, then the shares of 2011 ESOP Preferred Stock shall, by virtue of such transaction and on the same terms as apply to the holders of Common Stock, be converted into or exchanged for the aggregate amount of stock, securities, cash or other property (payable in kind) receivable by a holder of the number of shares of Common Stock into which such shares of 2011 ESOP Preferred Stock could have been converted immediately prior to such transaction if such holder of Common Stock failed to exercise any rights of election as to the kind or amount of stock, securities, cash or other property receivable upon such transaction. If the kind or amount of stock, securities, cash or other property receivable upon such transaction is not the same for each non-electing share, then the kind and amount of stock, securities, cash or other property receivable upon such transaction for each non-electing share shall be the kind and amount so receivable per share by a plurality of the non-electing shares.

(c) In the event the Company shall enter into any agreement providing for any consolidation or merger or similar business combination described in paragraph (b) of this Section 6 (a "Business Combination"), then the Company shall as soon as practicable thereafter (and in any event at least fifteen (15) Business Days before consummation of such transaction) give notice of such agreement and the material terms thereof to each holder of 2011 ESOP Preferred Stock and each such holder shall have the right to elect, by written notice to the Company, to receive, upon consummation of such transaction (if and when such transaction is consummated), from the Company or the successor of the Company, in redemption and retirement of such 2011 ESOP Preferred Stock, a cash payment per share of 2011 ESOP Preferred Stock equal to the higher of (x) $1,000.00, plus accrued and unpaid dividends thereon to the date of consummation of such transaction or (y) the Fair Market Value per share of 2011 ESOP Preferred Stock, as of the last Business Day (as defined in paragraph (c) of Section 4 hereof) immediately preceding the date the Business Combination is consummated. No such notice of redemption shall be effective unless given to the Company prior to the close of business on the last Business Day prior to consummation of such transaction, unless the Company or the successor of the Company shall waive such prior notice, but any notice of redemption so given prior to such time may be withdrawn by notice of withdrawal given to the Company prior to the close of business on the last Business Day prior to consummation of such transaction.

(d) In the event that a Purchase Offer (as defined below) shall have been made and shall be continuing, each holder of 2011 ESOP Preferred Stock shall have the right to convert shares of 2011 ESOP Preferred Stock into shares of Common Stock at the Conversion Price specified in Section 4(c)(iii)

(C) hereof until the date the Purchase Offer is terminated, including without limitation because the original Purchase Offer is withdrawn or because the Purchase Offer has expired and is not renewed, upon notice of such conversion given to the Company not later than the close of business on the date the Purchase Offer terminates (the "Purchase Offer Conversion Period"), unless the Company or any successor of the Company shall waive such prior notice, but any notice of conversion so given may be withdrawn by notice of withdrawal given to the Company prior to the end of the Purchase Offer Conversion Period.

For purposes of this paragraph (d), the following terms shall have the meanings set forth below:

(i) "Beneficial Ownership" shall have the meaning ascribed to it in Rule 13d-3 under the Securities Exchange Act of 1934 (the "Exchange Act") and "person" shall have the meanings specified in Sections 3(a)(9) and 13(d)(3) of the Exchange Act.

(ii) A "Purchase Offer" shall have been made when any person (other than the Company or any affiliate of the Company) shall have "commenced" (as such term is defined in Rule 14d-2 under the Exchange Act) a tender offer or exchange offer to purchase shares of Common Stock, such that, upon consummation of such offer, such person would have Beneficial Ownership (as defined herein) or the right to acquire Beneficial Ownership, of twenty percent (20%) or more of the voting power of the Company.

7. Liquidation Rights. (a) Upon the dissolution, liquidation, or winding up of the Company, the holders of the shares of 2011 ESOP Preferred Stock shall be entitled to receive and to be paid out of the assets of the Company available for distribution to its stockholders, before any payment or distribution shall be made on the Common Stock or any other class of stock ranking junior to 2011 ESOP Preferred Stock upon liquidation, the amount of $1,000.00 per share, plus a sum equal to all dividends (whether or not earned or declared) on such shares accrued and unpaid thereon to the date of final distribution.

(b) Neither the sale of all or substantially all the property and assets of the Company, nor the merger or consolidation of the Company into or with any other corporation, nor the merger or consolidation of any other corporation into or with the Company shall be deemed to be a dissolution, liquidation, or winding up, voluntary or involuntary, for the purposes of this Section 7.

(c) After the payment to the holders of the shares of 2011 ESOP Preferred Stock of the full preferential amounts provided for in this Section 7, the holders of 2011 ESOP Preferred Stock, as such, shall have no right or claim to any of the remaining assets of the Company.

(d) In the event the assets of the Company available for distribution to the holders of shares of 2011 ESOP Preferred Stock upon any dissolution, liquidation, or winding up of the Company, whether voluntary or involuntary, shall be insufficient to pay in full all amounts to which such holders are entitled pursuant to paragraph (a) of this Section 7, no such distribution shall be made on account of any shares of any other series of Preferred Stock or other capital stock of the Company ranking on a parity with the shares of 2011 ESOP Preferred Stock upon such dissolution, liquidation, or winding up unless proportionate distributive amounts shall be paid on account of the shares of 2011 ESOP Preferred Stock, ratably, in proportion to the full distributable amounts for which holders of all such parity shares are respectively entitled upon such dissolution, liquidation, or winding up.

(e) Subject to the rights of the holders of the shares of any series or class or classes of stock ranking on a parity with or prior to the shares of 2011 ESOP Preferred Stock upon liquidation, dissolution, or winding up, upon any liquidation, dissolution, or winding up of the Company, after payment shall have been made in full to the holders of the shares of 2011 ESOP Preferred Stock as provided in this Section 7, but not prior thereto, any other series or class or classes of stock ranking junior to the shares of 2011 ESOP Preferred Stock upon liquidation shall, subject to the respective terms and provisions (if any) applying thereto, be entitled to receive any and all assets remaining to be paid or distributed, and the holders of the shares of 2011 ESOP Preferred Stock shall not be entitled to share therein.

8. Ranking. For the purposes of these resolutions, any stock of any series or class or classes of the Company shall be deemed to rank:

(a) prior to the shares of 2011 ESOP Preferred Stock, either as to dividends or upon liquidation, if the holders of such series or class or classes shall be entitled to the receipt of dividends or of amounts distributable upon dissolution, liquidation, or winding up of the Company, as the case may be, in preference or priority to the holders of shares of 2011 ESOP Preferred Stock;

(b) on a parity with shares of 2011 ESOP Preferred Stock, either as to dividends or upon liquidation, whether or not the dividend rates, dividend payment dates, or redemption or liquidation prices per share, or sinking fund provisions, if any, be different from those of 2011 ESOP Preferred Stock, if the holders of such stock shall be entitled to the receipt of dividends or of amounts distributable upon dissolution, liquidation, or winding up of the Company, as the case may be, in proportion to their respective dividend rates or liquidation prices, without preference or priority, one over the other, as between the holders of such stock and the holders of shares of 2011 ESOP Preferred Stock; and

(c) junior to shares of 2011 ESOP Preferred Stock, either as to dividends or upon liquidation, if such class shall be Common Stock or if the holders of shares of 2011 ESOP Preferred Stock shall be entitled to receipt of dividends or of amounts distributable upon dissolution, liquidation, or winding up of the Company, as the case may be, in preference or priority to the holders of shares of such series or class or classes.

9. Priority of 2011 ESOP Preferred Stock. The shares of 2011 ESOP Preferred Stock will rank on a parity, both as to payment of dividends and the distribution of assets upon liquidation, with the Company's 2002 ESOP Cumulative Convertible Preferred Stock, its 2003 ESOP Cumulative Convertible Preferred Stock, its 2004 ESOP Cumulative Convertible Preferred Stock, its 2005 ESOP Cumulative Convertible Preferred Stock, its 2006 ESOP Cumulative Convertible Preferred Stock, its 2007 ESOP Cumulative Convertible Preferred Stock, its 2008 ESOP Cumulative Convertible Preferred Stock and its 2010 ESOP Cumulative Convertible Preferred Stock.

IN WITNESS WHEREOF, the Company has caused this Certificate of Designations to be signed by John G. Stumpf, its Chairman, President and Chief Executive Officer, and attested by Jeannine E. Zahn, its Assistant Secretary, whereby such President and Chief Executive Officer affirms, under penalties of perjury, that this Certificate of Designations is the act and deed of the Company and that the facts stated herein are true, this 17th day of March, 2011.

WELLS FARGO & COMPANY

By /s/ John G. Stumpf
John G. Stumpf
Chairman, President and
Chief Executive Officer

Attest:

/s/ Jeannine E. Zahn
Jeannine E. Zahn
Assistant Secretary

[As filed with the Delaware Secretary of State on March 17, 2011.]

WELLS FARGO & COMPANY

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CERTIFICATE OF DESIGNATIONS
Pursuant to Section 151 of the
General Corporation Law of the State of Delaware

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2012 ESOP CUMULATIVE CONVERTIBLE PREFERRED STOCK
(Without Par Value)

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WELLS FARGO & COMPANY, a corporation organized and existing under the laws of the State of Delaware (the "Company"), HEREBY CERTIFIES that, pursuant to authority conferred upon the Board of Directors of the Company (the "Board") by the provisions of the Restated Certificate of Incorporation of the Company, as amended, which authorizes the issuance of not more than 20,000,000 shares of Preferred Stock, without par value (the "Preferred Stock"), and pursuant to authority conferred upon the ESOP Preferred Stock Committee I of the Board (the "ESOP Committee") in accordance with Section 141(c) of the General Corporation Law of the State of Delaware (the "General Corporation Law") and by the resolutions of the Board set forth herein, the following resolutions were duly adopted by the Board at meetings of the Board duly held on January 25, 2000 and February 24, 2009, and by the ESOP Committee pursuant to the written consent of the ESOP Committee duly adopted on January 9, 2012, in accordance with Section 141(f) of the General Corporation Law:

1. On January 25, 2000, the Board adopted the following resolutions (the "ESOP Board Resolutions") appointing the ESOP Committee and delegating to the ESOP Committee the full powers of the Board, subject to the ESOP Board Resolutions, in all matters relating to issuance of one or more series of Preferred Stock ("ESOP Preferred Stock") to the trustee on behalf of the Company's 401(k) Plan hereinafter referred to:

RESOLVED that a committee of one member of the Board of the Company is hereby appointed by the Board as the ESOP Preferred Stock Committee I (the "First Committee"), which shall have and may exercise the full powers of the Board, subject to these resolutions, to issue from time to time one or more series of ESOP Preferred Stock, including any shares of Company common stock ($1 2/3 par value) issuable upon conversion of ESOP Preferred Stock, and in connection therewith, to fix the designations, voting powers, preferences, and all other rights, qualifications and restrictions of such ESOP Preferred Stock, to sell such ESOP Preferred Stock to the Plan on such terms and conditions and for such purchase price as the First Committee in its discretion shall approve, and to take any and all actions as the First Committee shall deem necessary or appropriate.

2. Pursuant to resolutions adopted on February 24, 2009, the Board designated John G. Stumpf as the sole member of the ESOP Committee, effective April 29, 2009.

3. On January 9, 2012, pursuant to authority conferred upon it by the Board in the ESOP Board Resolutions, the ESOP Committee adopted the following resolutions by written consent in accordance with Section 141(f) of the General Corporation Law:

RESOLVED that the issuance of a series of Preferred Stock, without par value, of the Company is hereby authorized and the designation, voting powers, preferences, and relative, participating, optional, and other special rights, and qualifications, limitations and restrictions thereof, in addition to those set forth in the Restated Certificate of Incorporation of the Company, as amended, are hereby fixed as follows:

2012 ESOP CUMULATIVE CONVERTIBLE PREFERRED STOCK

1. Designation and Number of Shares; Restricted Issue.

(a) The designation of the series of Preferred Stock, without par value, provided for herein shall be "2012 ESOP Cumulative Convertible Preferred Stock" (hereinafter referred to as the "2012 ESOP Preferred Stock") and the number of authorized shares constituting the 2012 ESOP Preferred Stock is 940,000, based on an offering price for the 2012 ESOP Preferred Stock of $1,094.00 per share. Each share of 2012 ESOP Preferred Stock shall have a stated value of $1,000.00 per share. The number of authorized shares of 2012 ESOP Preferred Stock may be reduced by further resolution duly adopted by the Board or the Securities Committee and by the filing of a certificate pursuant to the provisions of the General Corporation Law of the State of Delaware stating that such reduction has been so authorized, provided, however, that the authorized number of shares of 2012 ESOP Preferred Stock shall not be decreased below the then outstanding number of such shares, and provided further that the number of authorized shares of 2012 ESOP Preferred Stock shall not be increased. All shares of the 2012 ESOP Preferred Stock purchased, redeemed, or converted by the Company shall be retired and canceled and shall be restored to the status of authorized but unissued shares of Preferred Stock, without designation as to series, and may thereafter be issued, but not as shares of 2012 ESOP Preferred Stock.

(b) Shares of 2012 ESOP Preferred Stock shall be issued only to a trustee (the "Trustee") acting on behalf of the Wells Fargo & Company 401(k) Plan, or any successor to such plan (the "Plan"). All references to the holder of shares of 2012 ESOP Preferred Stock shall mean the Trustee or any company with which or into which the Trustee may merge or any successor trustee under the trust agreement with respect to the Plan. In the event of any transfer of record ownership of shares of 2012 ESOP Preferred Stock to any person other than any successor trustee under the Plan, the shares of 2012 ESOP Preferred Stock so transferred, upon such transfer and without any further action by the Company or the holder thereof, shall be automatically converted into shares of the common stock, par value $1-2/3 per share, of the Company (the "Common Stock") on the terms otherwise provided for the conversion of the shares of 2012 ESOP Preferred Stock into shares of Common Stock pursuant to paragraph (a) of Section 4 hereof, and no such transferee shall have any of the voting powers, preferences, and relative, participating, optional or special rights ascribed to shares of 2012 ESOP Preferred Stock hereunder but, rather, only the powers and rights pertaining to the Common Stock into which such shares of 2012 ESOP Preferred Stock shall be so converted. In the event of such a conversion, the transferee of the shares of 2012 ESOP Preferred Stock shall be treated for all purposes as the record holder of the shares of Common Stock into which such shares of 2012 ESOP Preferred Stock have been automatically converted as of the date of such transfer. Shares of 2012 ESOP Preferred Stock may be certificated or uncertificated, at the Company's option. Certificates representing shares of 2012 ESOP Preferred Stock shall bear a legend to reflect the foregoing provisions. In the case of uncertificated 2012 ESOP Preferred Stock, the transfer agent for the 2012 ESOP Preferred Stock shall note the foregoing provisions on each 2012 ESOP Preferred Stock book entry account. The Company may require that, as a condition to transferring record ownership of any uncertificated 2012 ESOP Preferred Stock, the proposed transferee acknowledge in writing that the shares of 2012 ESOP Preferred Stock are subject to the foregoing provisions. Notwithstanding the foregoing provisions of this paragraph (b) of Section 1, shares of 2012 ESOP

Preferred Stock (i)(A) shall be converted into shares of Common Stock as provided in paragraph (a) of Section 4 hereof, and (B) may be converted into shares of Common Stock as provided by paragraph (b) of Section 4 hereof and the shares of Common Stock issued upon such conversion may be transferred by the holder thereof as permitted by law and (ii) shall be redeemable by the Company upon the terms and conditions provided in Sections 5 and 6(c) hereof.

2. Voting Rights. No shares of 2012 ESOP Preferred Stock shall have voting rights except such voting rights as may from time to time be required by law and as set forth in this Section 2, as follows:

(a) Whenever, at any time or times, dividends payable on shares of 2012 ESOP Preferred Stock shall be in arrears for such number of dividend periods which shall in the aggregate contain not less than 540 days, the holders of the outstanding shares of 2012 ESOP Preferred Stock shall have the exclusive right, voting together as a class with holders of shares of any one or more other series of Preferred Stock ranking on a parity with the shares of 2012 ESOP Preferred Stock, either as to dividends or on the distribution of assets upon liquidation, dissolution or winding up, and upon which like voting rights have been conferred and are exercisable, to elect two directors of the Company at the Company's next annual meeting of stockholders and at each subsequent annual meeting of stockholders. At elections for such directors, each holder of the shares of 2012 ESOP Preferred Stock shall be entitled to one vote for each share held (the holders of shares of any other series of Preferred Stock ranking on such a parity being entitled to such number of votes, if any, for each share of Preferred Stock held as may be granted to them). Upon the vesting of such right of such holders, the maximum authorized number of members of the Board shall automatically be increased by two and the two vacancies so created shall be filled by vote of the holders of such outstanding shares of 2012 ESOP Preferred Stock (together with the holders of shares of any one or more other series of Preferred Stock ranking on such a parity and upon which like voting rights have been conferred and are exercisable) as herein set forth. The right of such holders of such shares of 2012 ESOP Preferred Stock (voting together as a class with the holders of shares of any one or more other series of Preferred Stock ranking on such a parity and upon which like voting rights have been conferred and are exercisable) to elect members of the Board as aforesaid shall continue until such time as all dividends accumulated on such shares of 2012 ESOP Preferred Stock shall have been paid in full, at which time such right with respect to such shares of 2012 ESOP Preferred Stock shall terminate, except as herein or by law expressly provided, subject to revesting in the event of each and every subsequent default of the character above mentioned.

(b) Upon any termination of the right of the holders of all shares of Preferred Stock entitled to vote for directors as herein provided, the term of office of all directors then in office elected by such holders voting as a class shall terminate immediately. If the office of any director elected by such holders voting as a class becomes vacant by reason of death, resignation, retirement, disqualification, removal from office or otherwise, the remaining director elected by such holders may choose a successor to fill such vacancy, which such successor shall hold office for the unexpired term in respect of which such vacancy occurred. Whenever the term of office of the directors elected by such holders voting as a class shall end and the special voting powers vested in such holders as provided in this resolution shall have expired, the number of directors shall be such number as may be provided for in the By-Laws of the Company irrespective of any increase made pursuant to the provisions of this resolution.

(c) So long as any shares of 2012 ESOP Preferred Stock remain outstanding, the consent of the holders of the outstanding shares of 2012 ESOP Preferred Stock and outstanding shares of all other series of Preferred Stock ranking on a parity with such shares of 2012 ESOP Preferred Stock either as to dividends or the distribution of assets upon liquidation, dissolution or winding up and upon which like voting rights have been conferred and are exercisable, by a vote of at least two-thirds of all such

outstanding shares of 2012 ESOP Preferred Stock and such other series of Preferred Stock voting together as a class, given in person or by proxy, either in writing or at any special or annual meeting called for the purpose, shall be necessary to permit, effect or validate any one or more of the following:

(i) the authorization, creation or issuance, or any increase in the authorized or issued amount, of any class or series of stock ranking prior to shares of 2012 ESOP Preferred Stock with respect to payment of dividends or the distribution of assets on liquidation, dissolution or winding up, or

(ii) the amendment, alteration or repeal, whether by merger, consolidation or otherwise, of any of the provisions of the Restated Certificate of Incorporation or of the resolutions set forth in a Certificate of Designations designating shares of 2012 ESOP Preferred Stock and the preferences and relative, participating, optional and other special rights and qualifications, limitations and restrictions thereof which would materially and adversely affect any right, preference, privilege or voting power of the shares of 2012 ESOP Preferred Stock or of the holders thereof; provided, however, that any increase in the amount of authorized Preferred Stock, or the creation and issuance of other series of Preferred Stock, or any increase in the amount of authorized shares of any series of Preferred Stock, in each case ranking on a parity with or junior to the shares of 2012 ESOP Preferred Stock with respect to the payment of dividends and the distribution of assets upon liquidation, dissolution or winding up, shall not be deemed to materially and adversely affect such rights, preferences, privileges or voting powers.

(d) The foregoing voting provisions shall not apply if, at or prior to the time when the act with respect to which such vote would otherwise be required shall be effected, all outstanding shares of 2012 ESOP Preferred Stock shall have been redeemed or sufficient funds shall have been deposited in trust to effect such redemption.

3. Dividends. (a)(i) Holders of shares of 2012 ESOP Preferred Stock will be entitled to receive, when and as declared by the Board or a duly authorized committee thereof, out of assets of the Company legally available for payment, an annual cash dividend of $100.00 (the "Base Dividend") per share, which Base Dividend shall be subject to adjustment from time to time as provided in this Section 3.

(ii) The Base Dividend shall be adjusted, effective on December 1, 2013 and on each December 1 thereafter until December 1, 2021, as follows:

(1) If the Current Market Price (as hereinafter defined) of one share of Common Stock on November 30 (or the next preceding Trading Day (as hereinafter defined) if November 30 is not a Trading Day) of any year listed in the Dividend Adjustment Table below is equal to or greater than the First Target Price but less than the Second Target Price shown opposite that year in such table, then holders of shares of the 2012 ESOP Preferred Stock will be entitled to receive a cash dividend for the immediately following twelve month period equal to $105.00 per share (the "First Adjusted Dividend").

(2) If the Current Market Price of one share of Common Stock on November 30 (or the next preceding Trading Day if November 30 is not a Trading Day) of any year listed in the Dividend Adjustment Table below is equal to or greater than the Second Target Price shown opposite that year in such table, then holders of shares of 2012 ESOP Preferred Stock will be entitled to receive a cash dividend for the immediately following twelve month period equal to $110.00 per share (the "Second Adjusted Dividend").

(3) If the Current Market Price of one share of Common Stock on November 30 (or next preceding Trading Day if November 30 is not a Trading Day) of any year listed in

the Dividend Adjustment Table below is less than the First Target Price shown opposite that year in such table, then the holders of shares of 2012 ESOP Preferred Stock will be entitled to receive a cash dividend for the immediately following twelve month period equal to the Base Dividend.

**Dividend Adjustment Table**

| Closing Price on 11/30 | First Target Price | Second Target Price |
|---|---|---|
| 2013 | 28.424 | 30.617 |
| 2014 | 31.124 | 34.980 |
| 2015 | 34.081 | 39.964 |
| 2016 | 37.319 | 45.659 |
| 2017 | 40.864 | 52.166 |
| 2018 | 44.746 | 59.599 |
| 2019 | 48.997 | 68.092 |
| 2020 | 53.652 | 77.795 |

(4) As an example of the adjustments described in subparagraphs (1) through (3) above, if on November 30, 2013, the Current Market Price of one share of Common Stock is $30.00, then the cash dividend payable for the immediately following twelve month period per share of 2012 ESOP Preferred Stock would equal $105.00, with the first quarterly payment of such $105.00 dividend to be made on March 1, 2014. If on November 30, 2014, the Current Market Price of one share of Common Stock is $40.00, then the cash dividend payable for the immediately following twelve month period per share of 2012 ESOP Preferred Stock would equal $110.00, with the first quarterly payment of such $110.00 dividend to be made on March 1, 2015. If on November 30, 2015, the Current Market Price of one share of Common Stock is $30.00, then the cash dividend payable for the immediately following twelve month period per share of 2012 ESOP Preferred Stock would equal $100.00, with the first quarterly payment of such $100.00 dividend to be made on March 1, 2016.

(5) For purposes of this Section 3, the terms “First Adjusted Dividend” and “Second Adjusted Dividend” are sometimes referred to as an “Adjusted Dividend;” the term “Current Market Price” shall have the meaning given to it in Section 4(c)(iv); and the term “Trading Day” shall have the meaning given to it in Section 4(c)(vi).

(iii) If one share of Common Stock in any year listed in the Dividend Adjustment Table shall be changed into a different number of shares or a different class of shares by reason of any reclassification, recapitalization, split-up, combination, exchange of shares or readjustment, or if a stock dividend thereon shall be declared with a record date within such period, then the First Target Price and the Second Target Price listed in such table for that year and each subsequent year will be appropriately and proportionately adjusted.

(iv) Dividends payable on shares of the 2012 ESOP Preferred Stock (whether such dividends are equal to the Base Dividend or to an Adjusted Dividend) shall be payable quarterly on March 1, June 1, September 1, and December 1 of each year, commencing March 1, 2012. Dividends on shares of the 2012 ESOP Preferred Stock will be cumulative from the date of initial issuance of such shares of 2012 ESOP Preferred Stock. Dividends will be payable, in arrears, to holders of record as they appear on the stock books of the Company on such record dates, not more than 30 days nor less than 15

days preceding the payment dates thereof, as shall be fixed by the Board or a duly authorized committee thereof. The amount of dividends payable per share for each dividend period shall be computed by dividing by four the Base Dividend or the Adjusted Dividend, whichever is then applicable. The amount of dividends payable for the initial dividend period or any period shorter than a full dividend period shall be calculated on the basis of actual days elapsed in a 360-day year of twelve 30-day months.

(b)(i) No full dividends shall be declared or paid or set apart for payment on any stock of the Company ranking, as to dividends, on a parity with or junior to the 2012 ESOP Preferred Stock for any period unless full cumulative dividends have been or contemporaneously are declared and paid or declared and a sum sufficient for the payment thereof has been set apart for such payment on shares of 2012 ESOP Preferred Stock for all dividend payment periods terminating on or prior to the date of payment of such full cumulative dividends. When dividends are not paid in full, as aforesaid, upon the shares of 2012 ESOP Preferred Stock and any other series of Preferred Stock ranking on a parity as to dividends with 2012 ESOP Preferred Stock, all dividends declared upon shares of 2012 ESOP Preferred Stock and any other series of Preferred Stock ranking on a parity as to dividends with 2012 ESOP Preferred Stock shall be declared pro rata so that the amount of dividends declared per share on 2012 ESOP Preferred Stock and such other series of Preferred Stock shall in all cases bear to each other the same ratio that accrued dividends per share on the shares of 2012 ESOP Preferred Stock and such other series of Preferred Stock bear to each other. Holders of shares of 2012 ESOP Preferred Stock shall not be entitled to any dividend, whether payable in cash, property, or stock, in excess of full cumulative dividends, as herein provided, on 2012 ESOP Preferred Stock. No interest, or sum of money in lieu of interest, shall be payable in respect of any dividend payment or payments on 2012 ESOP Preferred Stock which may be in arrears.

(ii) So long as any shares of 2012 ESOP Preferred Stock are outstanding, no dividend (other than dividends or distributions paid in shares of, or options, warrants, or rights to subscribe for or purchase shares of, Common Stock or any other stock ranking junior to 2012 ESOP Preferred Stock as to dividends or upon liquidation and other than as provided in paragraph (b)(i) of this Section 3) shall be declared or paid or set aside for payment or other distribution declared or made upon Common Stock or any other capital stock of the Company ranking junior to or on a parity with 2012 ESOP Preferred Stock as to dividends or upon liquidation, nor shall any Common Stock or any other capital stock of the Company ranking junior to or on a parity with 2012 ESOP Preferred Stock as to dividends or upon liquidation be redeemed, purchased, or otherwise acquired for any consideration (or any moneys be paid to or made available for a sinking fund for the redemption of any shares of any such stock) by the Company (except by conversion into or exchange for stock of the Company ranking junior to 2012 ESOP Preferred Stock as to dividends or upon liquidation), unless, in each case, the full cumulative dividends on all outstanding shares of 2012 ESOP Preferred Stock shall have been paid or declared and set aside for payment of the then current dividend payment period and all past dividend payment periods.

4. Conversion. Shares of 2012 ESOP Preferred Stock are convertible from time to time hereafter pursuant to the provisions of paragraphs (a) or (b) of this Section 4 into that number of shares of Common Stock determined by dividing the stated value of each share of 2012 ESOP Preferred Stock by the then applicable Conversion Price, (as determined in accordance with the provisions of paragraph (c)(iii) of this Section 4), as follows:

(a) Each share of 2012 ESOP Preferred Stock released from the unallocated reserve of the Plan in accordance with the terms thereof shall be automatically converted, without any further action by the Company or the holder thereof, as of the date such release occurs (the "Release Date"), into fully

paid and nonassessable shares of Common Stock at the then applicable Conversion Price for the 2012 ESOP Preferred Stock provided for in paragraph (c) of this Section 4.

(b) Subject to and upon compliance with the provisions of this Section 4, a holder of 2012 ESOP Preferred Stock shall be entitled at any time, prior to the close of business on the date fixed for redemption of such shares pursuant to Sections 5 or 6 hereof, to cause any or all of the shares of 2012 ESOP Preferred Stock held by such holder to be converted into fully paid and nonassessable shares of Common Stock at the then applicable Conversion Price for 2012 ESOP Preferred Stock provided for in paragraph (c) of this Section 4.

(c) For purposes of these resolutions, the following terms shall have the meanings set forth below:

(i) The "Average Current Market Price" per share of Common Stock on any date shall be deemed to be the average of the Current Market Price for one share of Common Stock for the twenty (20) consecutive Trading Days ending on the Trading Day occurring prior to the date the "Purchase Offer" is made (as that term is defined in Section 6(d) hereof).

(ii) A "Business Day" means each day that is not a Saturday, Sunday, or a day on which state or federally chartered banking institutions in the State of New York are not required to be open.

(iii) (A) For purposes of a mandatory conversion of shares of 2012 ESOP Preferred Stock into shares of Common Stock pursuant to the provisions of paragraph (a) of this Section 4, the "Conversion Price" for such shares of 2012 ESOP Preferred Stock shall be the Current Market Price of one share of Common Stock on the relevant Release Date.

(B) For purposes of an optional conversion of shares of 2012 ESOP Preferred Stock into shares of Common Stock pursuant to the provisions of paragraph (b) of this Section 4, the "Conversion Price" for such shares of 2012 ESOP Preferred Stock shall be the Current Market Price of one share of Common Stock on the date the Conversion Notice (as that term is defined in paragraph (d) of this Section 4) is received by the Company, by the transfer agent for the 2012 ESOP Preferred Stock or by any agent for conversion of the 2012 ESOP Preferred Stock designated as such pursuant to paragraph (d) of this Section 4.

(C) For purposes of a conversion of shares of 2012 ESOP Preferred Stock into shares of Common Stock in connection with a "Purchase Offer" (as defined in Section 6(d) hereof), the "Conversion Price" for such shares of 2012 ESOP Preferred Stock shall be the Average Current Market Price of one share of Common Stock.

Each share of 2012 ESOP Preferred Stock shall be valued at its stated value of $1,000.00 for purposes of computing, based on the applicable Conversion Price, the number of shares of Common Stock into which the shares of 2012 ESOP Preferred Stock will be converted.

(iv) The "Current Market Price" of publicly traded shares of Common Stock or any other class of capital stock or other security of the Company or any other issuer for any day shall mean the reported last sale price, regular way, or, in case no sale takes place on such day, the average of the reported closing bid and asked prices, regular way, in either case as reported on the New York Stock Exchange only or, if the Common Stock is not listed or admitted to trading on the New York Stock

Exchange, on the principal national securities exchange on which the Common Stock is listed or admitted to trading or, if not listed or admitted to trading on any national securities exchange, on the National Market System of the National Association of Securities Dealers, Inc. Automated Quotations System ("NASDAQ") or, if the Common Stock is not quoted on such National Market System, the average of the closing bid and asked prices on such day in the over-the-counter market as reported by NASDAQ or, if bid and asked prices for the Common Stock on each such day shall not have been reported through NASDAQ, the average of the bid and asked prices for such day as furnished by any New York Stock Exchange member firm regularly making a market in the Common Stock selected for such purpose by the Board or a committee thereof or, if no such quotations are available, the fair market value of the Common Stock as determined by a New York Stock Exchange member firm regularly making a market in the Common Stock selected for such purpose by the Board or a committee thereof.

(v) "Common Stock" shall mean the Common Stock of the Company as the same exists at the date of this Certificate of Designations or as such stock may be constituted from time to time.

(vi) "Trading Day" with respect to Common Stock means (x) if the Common Stock is listed or admitted for trading on the New York Stock Exchange or another national securities exchange, a day on which the New York Stock Exchange or such other national securities exchange is open for business or (y) if the Common Stock is quoted on the National Market System of NASDAQ, a day on which trades may be made on such National Market System or (z) otherwise, any Business Day.

(d) In connection with any conversion of 2012 ESOP Preferred Stock pursuant to this Section 4, a written notice of conversion (the "Conversion Notice") shall be delivered to the Company at its principal executive office or the offices of the transfer agent for the 2012 ESOP Preferred Stock or such office or offices in the continental United States of an agent for conversion as may from time to time be designated by notice to the holders of the 2012 ESOP Preferred Stock by the Company or the transfer agent for the 2012 ESOP Preferred Stock, which notice shall be accompanied by (a) in the case of certificated 2012 ESOP Preferred Stock, the certificate or certificates representing the shares of 2012 ESOP Preferred Stock being converted pursuant to this Section 4, duly assigned or endorsed for transfer to the Company (or accompanied by duly executed stock powers relating thereto) and (b) in the case of uncertificated 2012 ESOP Preferred Stock, duly executed assignment and transfer documents for the shares of 2012 ESOP Preferred Stock being converted pursuant to this Section 4. Each Conversion Notice shall specify (i)(y) in the case of a mandatory conversion pursuant to paragraph (a) of this Section 4, the number of shares of 2012 ESOP Preferred Stock released from the unallocated reserve of the Plan on the Release Date or (z) in the case of an optional conversion pursuant to paragraph (b) of this Section 4, the number of shares of 2012 ESOP Preferred Stock being converted, and (ii) in connection with any conversion hereunder, (x) the name or names in which such holder wishes the certificate or certificates for Common Stock and, in the case of certificated 2012 ESOP Preferred Stock, for any shares of 2012 ESOP Preferred Stock not to be so converted to be issued, (y) the address to which such holder wishes delivery to be made of such new certificates to be issued upon such conversion, and (z) such other information as the Company or its agents may reasonably request.

(e) Upon delivery to the Company or the transfer agent for the 2012 ESOP Preferred Stock of the Conversion Notice and all other documentation and certificates required to effect the conversion, as provided in paragraph (d) of this Section 4, the Company shall issue and send by hand delivery, by courier or by first-class mail (postage prepaid) to the holder thereof or to such holder's designee, at the address designated by such holder, a certificate or certificates for the number of shares of Common Stock to which such holder shall be entitled upon conversion. If there shall have been surrendered a certificate or certificates representing shares of 2012 ESOP Preferred Stock only part of

which are to be converted, the Company shall issue and deliver to such holder or such holder's designee, in the manner set forth in the preceding sentence, a new certificate or certificates representing the number of shares of 2012 ESOP Preferred Stock which shall not have been converted.

(f) The issuance by the Company of shares of Common Stock upon a conversion of shares of 2012 ESOP Preferred Stock into shares of Common Stock made pursuant to this Section 4 shall be effective (i) in the case of a mandatory conversion of shares of 2012 ESOP Preferred Stock pursuant to paragraph (a) of this Section 4, as of the Release Date; and (ii) in the case of an optional conversion of such shares pursuant to paragraph (b) of this Section 4, as of the earlier of (A) the delivery to such holder or such holder's designee of the certificates representing the shares of Common Stock issued upon conversion thereof or (B) the commencement of business on the second Business Day after the delivery to the Company or the transfer agent for the 2012 ESOP Preferred Stock of the Conversion Notice and all other documentation and certificates required to effect the conversion, as provided in paragraph (d) of this Section 4. On and after the effective date of conversion, the person or persons entitled to receive the Common Stock issuable upon such conversion shall be treated for all purposes as the record holder or holders of such shares of Common Stock, but no allowance or adjustment shall be made in respect of dividends payable to holders of Common Stock in respect of any period prior to such effective date. The Company shall not be obligated to pay any dividends which shall have accrued or have been declared and shall be payable to holders of shares of 2012 ESOP Preferred Stock if the date on which such dividends are paid is on or after the effective date of conversion of such shares.

(g) The Company shall not be obligated to deliver to holders of 2012 ESOP Preferred Stock any fractional share or shares of Common Stock issuable upon any conversion of such shares of 2012 ESOP Preferred Stock, but in lieu thereof may make a cash payment in respect thereof in any manner permitted by law.

(h) The Company shall at all times reserve and keep available out of its authorized and unissued Common Stock, solely for issuance upon the conversion of shares of 2012 ESOP Preferred Stock as herein provided, free from any preemptive rights, such number of shares of Common Stock as shall from time to time be issuable upon the conversion of all the shares of 2012 ESOP Preferred Stock then outstanding.

(i) The Company will use its best efforts to cause the listing of the shares of Common Stock required to be delivered upon conversion of the 2012 ESOP Preferred Stock prior to distribution to Plan participants on the national securities exchange, if any, upon which the outstanding Common Stock is listed at the time of such delivery.

(j) The Company will pay any and all documentary stamp or similar issue or transfer taxes payable in respect of the issue or delivery of shares of Common Stock on conversions of the 2012 ESOP Preferred Stock pursuant hereto; provided, however, that the Company shall not be required to pay any tax which may be payable in respect of any transfer involved in the issue or delivery of shares of Common Stock in a name other than that of the holder of the 2012 ESOP Preferred Stock to be converted and no such issue or delivery shall be made unless and until the person requesting such issue or delivery has paid to the Company the amount of any such tax or has established, to the satisfaction of the Company, that such tax has been paid.

5. Redemption At the Option of the Company. (a) The 2012 ESOP Preferred Stock shall be redeemable, in whole or in part, at the option of the Company at any time, at a redemption price per share of 2012 ESOP Preferred Stock equal to the higher of (x) $1,000.00 per share, plus an amount equal

to all accrued and unpaid dividends thereon to the date fixed for redemption, and (y) the Fair Market Value (as that term is defined in paragraph (d) of this Section 5) per share of 2012 ESOP Preferred Stock on the date fixed for redemption. Payment of the redemption price shall be made by the Company in cash or shares of Common Stock, or a combination thereof, as permitted by paragraph (c) of this Section 5. From and after the date fixed for redemption, dividends on shares of 2012 ESOP Preferred Stock called for redemption will cease to accrue and all rights in respect of such shares of the Company shall cease, except the right to receive the redemption price. Upon payment of the redemption price, such shares shall be deemed to have been transferred to the Company, to be retired as provided in paragraph (a) of Section 1. If the full cumulative dividends have not been paid, or contemporaneously declared and set aside for payment, on all outstanding shares of 2012 ESOP Preferred Stock, the Company may not redeem fewer than all the outstanding shares of 2012 ESOP Preferred Stock pursuant to this Section 5.

(b) Unless otherwise required by law, notice of any redemption pursuant to this Section 5 will be sent to the holders of 2012 ESOP Preferred Stock at the address shown on the books of the Company or any transfer agent for the 2012 ESOP Preferred Stock by hand delivery, by courier, by standard form of telecommunication or by first-class mail (postage prepaid) delivered, sent or mailed, as the case may be, not less than twenty (20) days nor more than sixty (60) days prior to the redemption date. Each such notice shall state: (i) the redemption date; (ii) the total number of shares of the 2012 ESOP Preferred Stock to be redeemed and, if fewer than all the shares held by such holder are to be redeemed, the number of such shares to be redeemed from such holder; (iii) the redemption price; (iv) whether the redemption price shall be paid in cash or in shares of Common Stock, or in a combination of such Common Stock and cash; (v) in the case of certificated 2012 ESOP Preferred Stock the place or places where certificates for such shares are to be surrendered for payment of the redemption price; (vi) that dividends on the shares to be redeemed will cease to accrue on such redemption date; and (vii) the conversion rights of the shares to be redeemed, the period within which conversion rights may be exercised and the manner in which the number of shares of Common Stock issuable upon conversion of a share of 2012 ESOP Preferred Stock will be determined. The Company shall redeem shares so called for redemption and not previously converted at the date fixed for redemption and at the redemption price set forth in this Section 5, provided that, in the case of certificated 2012 ESOP Preferred Stock, the Company shall not be obligated to pay the redemption price until the certificates for the shares to be redeemed are surrendered (properly endorsed or assigned for transfer, if the Board of Directors of the Company shall so require and the notice shall so state).

(c) The Company, at its option, may make payment of the redemption price required upon redemption of shares of 2012 ESOP Preferred Stock in cash or in shares of Common Stock, or in a combination of such Common Stock and cash, any such shares of Common Stock to be valued for such purposes at their Fair Market Value (as defined in paragraph (d)(ii) of this Section 5) or their Current Market Price, in either case as of the date fixed for redemption of the 2012 ESOP Preferred Stock, whichever value will result in the issuance of the greater number of shares of Common Stock to the holder of the 2012 ESOP Preferred Stock then being redeemed.

(d) For purposes of these resolutions, the following terms shall have the meanings set forth below:

(i) "Adjustment Period" shall mean the period of five (5) consecutive Trading Days preceding the date as of which the Fair Market Value of a security is to be determined.

(ii) "Fair Market Value" shall mean, as to shares of Common Stock or any other class of capital stock or securities of the Company or any other issue which are publicly traded, the

average of the Current Market Prices of such shares or securities for each day of the Adjustment Period. The "Fair Market Value" of any security which is not publicly traded (other than the 2012 ESOP Preferred Stock) or of any other property shall mean the fair value thereof on the date as of which the Fair Market Value of the security is to be determined, as determined by an independent investment banking or appraisal firm experienced in the valuation of such securities or property selected in good faith by the Board or a committee thereof. The "Fair Market Value" of the 2012 ESOP Preferred Stock for purposes of paragraph (a) of Section 5, and for purposes of paragraph (c) of Section 6 shall mean the fair market value thereof determined by an independent appraiser, appointed by the Trustee of the Plan in accordance with the provisions of the Plan, as of the date fixed for redemption of the 2012 ESOP Preferred Stock (in the case of a redemption pursuant to Section 5) or as of the date specified in paragraph (c) of Section 6 (in the case of a redemption under that section). For purposes of determining the Fair Market Value of the 2012 ESOP Preferred Stock, the independent appraiser shall assume (i) that all dividends on the 2012 ESOP Preferred Stock would have been paid when due, and (ii) that the mandatory conversion of shares of 2012 ESOP Preferred Stock held by the Plan into shares of Common Stock pursuant to Section 4(a) hereof would have occurred when and as payments of principal (together with accrued interest thereon) would have been made by the Trustee of the Plan in accordance with the terms of that certain 2012 ESOP Cumulative Convertible Preferred Stock Note Agreement dated on or about January 12, 2012 between the Company and the Plan (including any amendments or modifications thereto).

6. Consolidation, Merger, etc. (a) If the Company consummates any consolidation or merger or similar business combination, pursuant to which the outstanding shares of Common Stock are by operation of law exchanged solely for or changed, reclassified or converted solely into stock of any successor or resulting corporation (including the Company) that constitutes "qualifying employer securities" with respect to a holder of 2012 ESOP Preferred Stock within the meaning of Section 409(1) of the Internal Revenue Code of 1986, as amended, and Section 407(d)(5) of the Employee Retirement Income Security Act of 1974, as amended, or any successor provisions of law, and, if applicable, for a cash payment in lieu of fractional shares, if any, the shares of 2012 ESOP Preferred Stock of such holder shall, in connection with such consolidation, merger or similar business combination, be assumed by and shall become Preferred Stock of such successor or resulting corporation, having in respect of such corporation, insofar as possible, the same powers, preferences and relative, participating, optional or other special rights (including the redemption rights provided by Sections 5 and 6 hereof), and the qualifications, limitations or restrictions thereon, that the 2012 ESOP Preferred Stock had immediately prior to such transaction, subject to the following:

(1) After such transaction each share of the 2012 ESOP Preferred Stock shall be convertible, otherwise on the terms and conditions provided by Section 4 hereof, into the number and kind of qualifying employer securities so receivable by a holder of the number of shares of Common Stock into which such shares of 2012 ESOP Preferred Stock could have been converted immediately prior to such transaction.

(2) The Company shall not consummate any such merger, consolidation or similar transaction unless all then outstanding shares of 2012 ESOP Preferred Stock shall be assumed and authorized by the successor or resulting corporation as aforesaid.

(b) If the Company consummates any consolidation or merger or similar business combination, pursuant to which the outstanding shares of Common Stock are by operation of law exchanged for or changed, reclassified or converted into other stock or securities or cash or any other property, or any combination thereof, other than any such consideration which is constituted solely of qualifying employer securities (as referred to in paragraph (a) of this Section 6) and cash payments, if

applicable, in lieu of fractional shares, outstanding shares of 2012 ESOP Preferred Stock shall, without any action on the part of the Company or any holder thereof (but subject to paragraph (c) of this Section 6), be automatically converted by virtue of such merger, consolidation or similar transaction immediately prior to such consummation into the number of shares of Common Stock into which such shares of 2012 ESOP Preferred Stock could have been converted at such time so that each share of 2012 ESOP Preferred Stock shall, by virtue of such transaction and on the same terms as apply to the holders of Common Stock, be converted into or exchanged for the aggregate amount of stock, securities, cash or other property (payable in like kind) receivable by a holder of the number of shares of Common Stock into which such shares of 2012 ESOP Preferred Stock could have been converted immediately prior to such transaction. However, if by virtue of the structure of such transaction, a holder of Common Stock is required to make an election with respect to the nature and kind of consideration to be received in such transaction, which election cannot practicably be made by the holders of the 2012 ESOP Preferred Stock, then the shares of 2012 ESOP Preferred Stock shall, by virtue of such transaction and on the same terms as apply to the holders of Common Stock, be converted into or exchanged for the aggregate amount of stock, securities, cash or other property (payable in kind) receivable by a holder of the number of shares of Common Stock into which such shares of 2012 ESOP Preferred Stock could have been converted immediately prior to such transaction if such holder of Common Stock failed to exercise any rights of election as to the kind or amount of stock, securities, cash or other property receivable upon such transaction. If the kind or amount of stock, securities, cash or other property receivable upon such transaction is not the same for each non-electing share, then the kind and amount of stock, securities, cash or other property receivable upon such transaction for each non-electing share shall be the kind and amount so receivable per share by a plurality of the non-electing shares.

(c) In the event the Company shall enter into any agreement providing for any consolidation or merger or similar business combination described in paragraph (b) of this Section 6 (a "Business Combination"), then the Company shall as soon as practicable thereafter (and in any event at least fifteen (15) Business Days before consummation of such transaction) give notice of such agreement and the material terms thereof to each holder of 2012 ESOP Preferred Stock and each such holder shall have the right to elect, by written notice to the Company, to receive, upon consummation of such transaction (if and when such transaction is consummated), from the Company or the successor of the Company, in redemption and retirement of such 2012 ESOP Preferred Stock, a cash payment per share of 2012 ESOP Preferred Stock equal to the higher of (x) $1,000.00, plus accrued and unpaid dividends thereon to the date of consummation of such transaction or (y) the Fair Market Value per share of 2012 ESOP Preferred Stock, as of the last Business Day (as defined in paragraph (c) of Section 4 hereof) immediately preceding the date the Business Combination is consummated. No such notice of redemption shall be effective unless given to the Company prior to the close of business on the last Business Day prior to consummation of such transaction, unless the Company or the successor of the Company shall waive such prior notice, but any notice of redemption so given prior to such time may be withdrawn by notice of withdrawal given to the Company prior to the close of business on the last Business Day prior to consummation of such transaction.

(d) In the event that a Purchase Offer (as defined below) shall have been made and shall be continuing, each holder of 2012 ESOP Preferred Stock shall have the right to convert shares of 2012 ESOP Preferred Stock into shares of Common Stock at the Conversion Price specified in Section 4(c)(iii)(C) hereof until the date the Purchase Offer is terminated, including without limitation because the original Purchase Offer is withdrawn or because the Purchase Offer has expired and is not renewed, upon notice of such conversion given to the Company not later than the close of business on the date the Purchase Offer terminates (the "Purchase Offer Conversion Period"), unless the Company or any successor of the Company shall waive such prior notice, but any notice of conversion so given may be

withdrawn by notice of withdrawal given to the Company prior to the end of the Purchase Offer Conversion Period.

For purposes of this paragraph (d), the following terms shall have the meanings set forth below:

(i) "Beneficial Ownership" shall have the meaning ascribed to it in Rule 13d-3 under the Securities Exchange Act of 1934 (the "Exchange Act") and "person" shall have the meanings specified in Sections 3(a)(9) and 13(d)(3) of the Exchange Act.

(ii) A "Purchase Offer" shall have been made when any person (other than the Company or any affiliate of the Company) shall have "commenced" (as such term is defined in Rule 14d-2 under the Exchange Act) a tender offer or exchange offer to purchase shares of Common Stock, such that, upon consummation of such offer, such person would have Beneficial Ownership (as defined herein) or the right to acquire Beneficial Ownership, of twenty percent (20%) or more of the voting power of the Company.

7. Liquidation Rights. (a) Upon the dissolution, liquidation, or winding up of the Company, the holders of the shares of 2012 ESOP Preferred Stock shall be entitled to receive and to be paid out of the assets of the Company available for distribution to its stockholders, before any payment or distribution shall be made on the Common Stock or any other class of stock ranking junior to 2012 ESOP Preferred Stock upon liquidation, the amount of $1,000.00 per share, plus a sum equal to all dividends (whether or not earned or declared) on such shares accrued and unpaid thereon to the date of final distribution.

(b) Neither the sale of all or substantially all the property and assets of the Company, nor the merger or consolidation of the Company into or with any other corporation, nor the merger or consolidation of any other corporation into or with the Company shall be deemed to be a dissolution, liquidation, or winding up, voluntary or involuntary, for the purposes of this Section 7.

(c) After the payment to the holders of the shares of 2012 ESOP Preferred Stock of the full preferential amounts provided for in this Section 7, the holders of 2012 ESOP Preferred Stock, as such, shall have no right or claim to any of the remaining assets of the Company.

(d) In the event the assets of the Company available for distribution to the holders of shares of 2012 ESOP Preferred Stock upon any dissolution, liquidation, or winding up of the Company, whether voluntary or involuntary, shall be insufficient to pay in full all amounts to which such holders are entitled pursuant to paragraph (a) of this Section 7, no such distribution shall be made on account of any shares of any other series of Preferred Stock or other capital stock of the Company ranking on a parity with the shares of 2012 ESOP Preferred Stock upon such dissolution, liquidation, or winding up unless proportionate distributive amounts shall be paid on account of the shares of 2012 ESOP Preferred Stock, ratably, in proportion to the full distributable amounts for which holders of all such parity shares are respectively entitled upon such dissolution, liquidation, or winding up.

(e) Subject to the rights of the holders of the shares of any series or class or classes of stock ranking on a parity with or prior to the shares of 2012 ESOP Preferred Stock upon liquidation, dissolution, or winding up, upon any liquidation, dissolution, or winding up of the Company, after payment shall have been made in full to the holders of the shares of 2012 ESOP Preferred Stock as provided in this Section 7, but not prior thereto, any other series or class or classes of stock ranking junior to the shares of 2012 ESOP Preferred Stock upon liquidation shall, subject to the respective terms and

provisions (if any) applying thereto, be entitled to receive any and all assets remaining to be paid or distributed, and the holders of the shares of 2012 ESOP Preferred Stock shall not be entitled to share therein.

8. Ranking. For the purposes of these resolutions, any stock of any series or class or classes of the Company shall be deemed to rank:

(a) prior to the shares of 2012 ESOP Preferred Stock, either as to dividends or upon liquidation, if the holders of such series or class or classes shall be entitled to the receipt of dividends or of amounts distributable upon dissolution, liquidation, or winding up of the Company, as the case may be, in preference or priority to the holders of shares of 2012 ESOP Preferred Stock;

(b) on a parity with shares of 2012 ESOP Preferred Stock, either as to dividends or upon liquidation, whether or not the dividend rates, dividend payment dates, or redemption or liquidation prices per share, or sinking fund provisions, if any, be different from those of 2012 ESOP Preferred Stock, if the holders of such stock shall be entitled to the receipt of dividends or of amounts distributable upon dissolution, liquidation, or winding up of the Company, as the case may be, in proportion to their respective dividend rates or liquidation prices, without preference or priority, one over the other, as between the holders of such stock and the holders of shares of 2012 ESOP Preferred Stock; and

(c) junior to shares of 2012 ESOP Preferred Stock, either as to dividends or upon liquidation, if such class shall be Common Stock or if the holders of shares of 2012 ESOP Preferred Stock shall be entitled to receipt of dividends or of amounts distributable upon dissolution, liquidation, or winding up of the Company, as the case may be, in preference or priority to the holders of shares of such series or class or classes.

9. Priority of 2012 ESOP Preferred Stock. The shares of 2012 ESOP Preferred Stock will rank on a parity, both as to payment of dividends and the distribution of assets upon liquidation, with the Company's 2003 ESOP Cumulative Convertible Preferred Stock, its 2004 ESOP Cumulative Convertible Preferred Stock, its 2005 ESOP Cumulative Convertible Preferred Stock, its 2006 ESOP Cumulative Convertible Preferred Stock, its 2007 ESOP Cumulative Convertible Preferred Stock, its 2008 ESOP Cumulative Convertible Preferred Stock, its 2010 ESOP Cumulative Convertible Preferred Stock and its 2011 ESOP Cumulative Convertible Preferred Stock.

IN WITNESS WHEREOF, the Company has caused this Certificate of Designations to be signed by John G. Stumpf, its Chairman, President and Chief Executive Officer, and attested by Jeannine E. Zahn, its Assistant Secretary, whereby such President and Chief Executive Officer affirms, under penalties of perjury, that this Certificate of Designations is the act and deed of the Company and that the facts stated herein are true, this 10th day of January, 2012.

WELLS FARGO & COMPANY

By /s/ John G. Stumpf
John G. Stumpf
Chairman, President and
Chief Executive Officer

Attest:

/s/ Jeannine E. Zahn
Jeannine E. Zahn
Assistant Secretary

[As filed with the Delaware Secretary of State on January 10, 2012.]

WELLS FARGO & COMPANY

CERTIFICATE OF DESIGNATION
Pursuant to Section 151(g) of the
General Corporation Law
of the State of Delaware

NON-CUMULATIVE PERPETUAL CLASS A PREFERRED STOCK, SERIES N

(Without Par Value)

WELLS FARGO & COMPANY, a corporation organized and existing under the laws of the State of Delaware (the "*Corporation*"), HEREBY CERTIFIES that, pursuant to authority conferred upon the Board of Directors of the Corporation (the "*Board of Directors*") by the provisions of the Restated Certificate of Incorporation of the Corporation, as amended, which authorize the issuance of not more than 20,000,000 shares of Preferred Stock, without par value, and pursuant to authority conferred upon the Securities Committee of the Board of Directors (the "*Committee*") in accordance with Section 141(c) of the General Corporation Law of the State of Delaware (the "*General Corporation Law*"), the following resolutions were duly adopted by the Committee pursuant to the unanimous written consent of the Committee duly adopted on August 14, 2012, in accordance with Section 141(f) of the General Corporation Law:

**Resolved,** that pursuant to the authority vested in the Committee and in accordance with the resolutions of the Board of Directors dated January 27, 2009, the provisions of the Restated Certificate of Incorporation, the By-laws of the Corporation, and applicable law, a series of Preferred Stock, no par value, of the Corporation be and hereby is created, and that the designation and number of shares of such series, and the voting and other powers, designations, preferences and relative, participating, optional or other rights, and the qualifications, limitations and restrictions thereof, of the shares of such series, are as follows:

## RIGHTS AND PREFERENCES

**Section 1. Designation**. The shares of such series of Preferred Stock shall be designated Non-Cumulative Perpetual Class A Preferred Stock, Series N, with no par value and a liquidation preference amount of $25,000 per share (the "*Series N Preferred Stock*"). Each share of Series N Preferred Stock shall be identical in all respects to every other share of Series N Preferred Stock except with respect to the date from which dividends may accrue. Series N Preferred Stock will rank equally with Parity Stock with respect to the payment of dividends and distribution of assets in the event of any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation and will rank senior to Junior Stock with respect to the payment of dividends and/or the distribution of assets in the event of any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation.

**Section 2. Number of Shares**. The number of authorized shares of Series N Preferred Stock shall be 30,000. Such number may from time to time be increased (but not in

excess of the total number of authorized shares of Preferred Stock) or decreased (but not below the number of shares of Series N Preferred Stock then outstanding) by further resolution duly adopted by the Board of Directors of the Corporation or any duly authorized committee of the Board of Directors of the Corporation and by the filing of a certificate pursuant to the provisions of the General Corporation Law stating that such increase or decrease, as the case may be, has been so authorized. The Corporation shall have the authority to issue fractional shares of Series N Preferred Stock.

**Section 3. Definitions**. As used herein with respect to Series N Preferred Stock:

"*Business Day*" means any day, other than a Saturday or Sunday, that is neither a legal holiday nor a day on which banking institutions are authorized or required by law or regulation to close in New York, New York.

"*Certificate of Designation*" means this Certificate of Designation relating to the Series N Preferred Stock, as it may be amended from time to time.

*"Common Stock"* means the common stock of the Corporation, par value $1⅔ per share, as the same exists at the date of this Certificate of Designation or as such stock may be constituted from time to time.

"*Depositary Company*" has the meaning set forth in Section 6(d) hereof.

*"Dividend Payment Date"* has the meaning set forth in Section 4(a) hereof.

"*Dividend Period*" has the meaning set forth in Section 4(a) hereof.

"*DTC*" means The Depository Trust Company, together with its successors and assigns.

*"Junior Stock*" means the Common Stock and any other class or series of stock of the Corporation now existing or hereafter authorized over which the Series N Preferred Stock has preference or priority in the payment of dividends or in the distribution of assets on any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation.

"*Liquidation Preference*" has the meaning set forth in Section 5(a) hereof.

"*Nonpayment Event*" shall have the meaning set forth in Section 7(b).

"*Parity Stock*" means any other class or series of stock of the Corporation now existing or hereafter authorized that ranks on par with the Series N Preferred Stock in the payment of dividends (whether such dividends are cumulative or non-cumulative) or in the distribution of assets in the event of any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation.

"*Preference Stock*" means any and all series of preference stock, having no par value, of the Corporation.

"*Preferred Stock*" means any and all series of preferred stock, having no par value, of the Corporation, including the Series N Preferred Stock.

"*Preferred Stock Directors*" shall have the meaning set forth in Section 7(b).

"*Regulatory Capital Treatment Event*" means the Corporation's reasonable determination that as a result of any (i) amendment to, or change (including any announced prospective change) in, the laws or regulations of the United States or any political subdivision of or in the United States that is enacted or becomes effective after the initial issuance of any shares of Series N Preferred Stock; (ii) proposed change in those laws or regulations that is announced or becomes effective after the initial issuance of any shares of Series N Preferred Stock; or (iii) official administrative decision or judicial decision or administrative action or other official pronouncement interpreting or applying those laws or regulations that is announced after the initial issuance of any shares of Series N Preferred Stock, there is more than an insubstantial risk that the Corporation will not be entitled to treat the full liquidation preference amount of all shares of Series N Preferred Stock then outstanding as Tier 1 capital (or its equivalent) for purposes of the capital adequacy guidelines or regulations of the appropriate federal banking agency, as then in effect and applicable, for as long as any share of Series N Preferred Stock is outstanding.

"*Series N Preferred Stock*" has the meaning set forth in Section 1 hereof.

"*Voting Parity Stock*" means any Parity Stock having similar voting rights as the Series N Preferred Stock.

**Section 4. Dividends.**

**(a) Rate**. Dividends on the Series N Preferred Stock will not be mandatory. Holders of Series N Preferred Stock shall be entitled to receive, when, as and if declared by the Board of Directors of the Corporation or any duly authorized committee of the Board of Directors of the Corporation, but only out of assets legally available therefor, non-cumulative cash dividends on the liquidation preference amount of $25,000 per share of the Series N Preferred Stock, payable quarterly in arrears on the 15th day of March, June, September and December of each year (commencing on December 15, 2012); provided, however, if any such day is not a Business Day, then payment of any dividend otherwise payable on that date will be made on the next succeeding day that is a Business Day, without any interest or other payment in respect of such delay (each such day on which dividends are payable a "*Dividend Payment Date*"). A "*Dividend Period*" means the period from, and including, a Dividend Payment Date to, but excluding, the next succeeding Dividend Payment Date, except for the initial Dividend Period, which will be the period from, and including, August 16, 2012 to, but excluding, December 15, 2012. Dividends on each share of Series N Preferred Stock will accrue at a rate *per annum* equal to 5.20%. The record date for payment of dividends on the Series N Preferred Stock shall be the

last Business Day of the calendar month immediately preceding the month during which the Dividend Payment Date falls or such other date as determined by the Corporation's Board of Directors. The amount of dividends payable shall be computed on the basis of a 360-day year of twelve 30-day months. Dollar amounts resulting from that calculation will be rounded to the nearest cent, with one-half cent being rounded upward.

**(b) Non-Cumulative Dividends**. Dividends on shares of Series N Preferred Stock shall be non-cumulative. To the extent that any dividends payable on the shares of Series N Preferred Stock on any Dividend Payment Date are not declared prior to such Dividend Payment Date, then such dividends shall not cumulate and shall cease to accrue and be payable, and the Corporation shall have no obligation to pay, and the holders of Series N Preferred Stock shall have no right to receive, dividends accrued for such Dividend Period on the Dividend Payment Date for such Dividend Period or at any time in the future or interest with respect to such dividends, whether or not dividends are declared for any subsequent Dividend Period with respect to Series N Preferred Stock or any other series of authorized Preferred Stock, Preference Stock, or Common Stock of the Corporation.

**(c) Priority of Dividends**. So long as any shares of Series N Preferred Stock remain outstanding,

(1) no dividend shall be declared and paid or set aside for payment and no distribution shall be declared and made or set aside for payment on any Common Stock, and no shares of Common Stock shall be repurchased, redeemed or otherwise acquired for consideration by the Corporation, directly or indirectly, nor shall any monies be paid to or made available for a sinking fund for the redemption of any such Common Stock by the Corporation (other than (i) a dividend payable in Common Stock or (ii) the acquisition of shares of Common Stock in exchange for, or through application of proceeds of the sale of, shares of Common Stock);

(2) no dividend shall be declared and paid or set aside for payment and no distribution shall be declared and made or set aside for payment on any Junior Stock other than Common Stock, and no shares of Junior Stock other than Common Stock shall be repurchased, redeemed or otherwise acquired for consideration by the Corporation, directly or indirectly, nor shall any monies be paid to or made available for a sinking fund for the redemption of any such Junior Stock other than Common Stock by the Corporation (other than (i) a dividend payable solely in shares of Junior Stock, (ii) any dividend in connection with the implementation of a stockholder rights plan, or the redemption or repurchase of any rights under any such plan, (iii) any dividend in the form of stock, warrants, options or other rights where the dividend stock or stock issuable upon exercise of such warrants, options or other rights is the same stock as that on which the dividend is being paid or ranks equally with or junior to such stock, (iv) as a result of a reclassification of Junior Stock other than Common Stock for or into other Junior Stock, (v) the exchange or conversion of one share of Junior Stock other than Common Stock for or into another share of Junior Stock, (vi) through the use of proceeds of a substantially contemporaneous sale of other shares of Junior Stock, (vii) any purchase, redemption or other acquisition of Junior Stock other than Common Stock pursuant to any of the Corporation's or any of its subsidiaries' employee, consultant or director incentive or benefit plans or arrangements (including any employment, severance or consulting arrangements)

adopted before or after August 9, 2012, (viii) any purchase of fractional interests in shares of Junior Stock other than Common Stock pursuant to the conversion or exchange provisions of such Junior Stock other than Common Stock or the securities being converted or exchanged, (ix) the purchase of Junior Stock other than Common Stock by Wells Fargo Securities, LLC, or any other affiliate of the Corporation, in connection with the distribution thereof or (x) the purchase of Junior Stock other than Common Stock by Wells Fargo Securities, LLC, or any other affiliate of the Corporation, in connection with market-making or other secondary market activities in the ordinary course of business); and

(3) no shares of Parity Stock will be repurchased, redeemed or otherwise acquired for consideration by the Corporation otherwise than pursuant to pro rata offers to purchase all, or a pro rata portion, of the Series N Preferred Stock and such Parity Stock during a Dividend Period (other than (i) as a result of a reclassification of Parity Stock for or into other Parity Stock or Junior Stock, (ii) the exchange or conversion of one share of Parity Stock for or into another share of Parity Stock or Junior Stock, (iii) through the use of proceeds of a substantially contemporaneous sale of other shares of Parity Stock or Junior Stock, (iv) any purchase, redemption or other acquisition of Parity Stock pursuant to any of the Corporation's or any of its subsidiaries' employee, consultant or director incentive or benefit plans or arrangements (including any employment, severance or consulting arrangements) adopted before or after August 9, 2012, (v) any purchase of fractional interests in shares of Parity Stock pursuant to the conversion or exchange provisions of such Parity Stock or the securities being converted or exchanged, (vi) the purchase of Parity Stock by Wells Fargo Securities, LLC, or any other affiliate of the Corporation, in connection with the distribution thereof or (vii) the purchase of Parity Stock by Wells Fargo Securities, LLC, or any other affiliate of the Corporation, in connection with market-making or other secondary market activities in the ordinary course of business), unless, in each case, the full dividends for the then-current Dividend Period on all outstanding shares of the Series N Preferred Stock have been declared and paid or declared and a sum sufficient for the payment of those dividends has been set aside.

Subject to the succeeding sentence, for so long as any shares of Series N Preferred Stock remain outstanding, no dividends shall be declared, paid, or set aside for payment on any Parity Stock for any period unless full dividends on all outstanding shares of Series N Preferred Stock for the then-current Dividend Period have been paid in full or declared and a sum sufficient for the payment thereof set aside. To the extent the Corporation declares dividends on the Series N Preferred Stock and on any Parity Stock but cannot make full payment of those declared dividends, the Corporation will allocate the dividend payments on a proportional basis among the holders of shares of Series N Preferred Stock and the holders of any Parity Stock then outstanding where the terms of such Parity Stock provide similar dividend rights.

Subject to the foregoing, and not otherwise, such dividends (payable in cash, stock or otherwise) as may be determined by the Board of Directors of the Corporation or any duly authorized committee of the board of Directors of the Corporation may be declared and paid on the Common Stock and any other stock that is Parity Stock or Junior Stock, from time to time out of any assets legally available for such payment, and the shares of Series N Preferred Stock shall not be entitled to participate in any such dividends.

**Section 5. Liquidation Rights.**

**(a) Liquidation**. In the event of any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation, holders of Series N Preferred Stock shall be entitled to receive in full out of assets available for distribution to its stockholders before any distribution or payment out of the assets of the Corporation may be made to or set aside for the holders of the Common Stock or any other Junior Stock, and subject to the rights of the holders of Parity Stock or any stock of the Corporation ranking senior to the Series N Preferred Stock as to such distribution, a liquidating distribution in the amount of $25,000 per share, plus an amount equal to any dividends which have been declared but not yet paid, without accumulation of any undeclared dividends, to the date of liquidation (the "*Liquidation Preference*"). The holders of Series N Preferred Stock shall not be entitled to any further payments in the event of any such voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation other than what is expressly provided for in this Section 5.

**(b) Partial Payment**. If the assets of the Corporation are not sufficient to pay in full the Liquidation Preference to all holders of Series N Preferred Stock and all holders of any Parity Stock, the amounts paid to the holders of Series N Preferred Stock and to the holders of all Parity Stock shall be *pro rata* in accordance with the respective aggregate liquidation preference of Series N Preferred Stock and all such Parity Stock.

**(c) Residual Distributions**. If the Liquidation Preference has been paid in full to all holders of Series N Preferred Stock and all other amounts payable upon liquidation, dissolution or winding up of the Corporation have been paid in full to all holders of any Parity Stock, the holders of Common Stock and any other Junior Stock shall be entitled to receive all remaining assets of the Corporation according to their respective rights and preferences.

**(d) Merger, Consolidation and Sale of Assets Not Liquidation**. For purposes of this Section 5, the sale, conveyance, exchange or transfer (for cash, shares of stock, securities or other consideration) of all or substantially all of the property and assets of the Corporation shall not be deemed a voluntary or involuntary dissolution, liquidation or winding up of the affairs of the Corporation, nor shall the merger, consolidation or any other business combination transaction of the Corporation into or with any other corporation or person or the merger, consolidation or any other business combination transaction of any other corporation or person into or with the Corporation be deemed to be a voluntary or involuntary dissolution, liquidation or winding up of the affairs of the Corporation.

**Section 6. Redemption.**

**(a) Optional Redemption**. The Corporation, at the option of its Board of Directors or any duly authorized committee of the Board of Directors of the Corporation, may redeem, subject to the prior approval of the Federal Reserve Board, out of funds legally available therefor, in whole or in part, the shares of Series N Preferred Stock at the time outstanding, at any time on any Dividend Payment Date on or after September 15, 2017, upon notice given as provided in Section 6(b) below. The redemption price for shares of Series N Preferred Stock

shall be $25,000 per share plus an amount equal to any dividends that have been declared but not paid up to the redemption date without accumulation of any undeclared dividends.

Notwithstanding the foregoing, within 90 days of the Corporation's good faith determination that a Regulatory Capital Treatment Event has occurred, the Corporation, at the option of its Board of Directors or any duly authorized committee of the Board of Directors of the Corporation, may, subject to the approval of the appropriate federal banking agency, redeem out of funds legally available therefor, in whole, but not in part, the shares of Series N Preferred Stock at the time outstanding, prior to September 15, 2017, upon notice given as provided in Section 6(b) below. The redemption price for shares of Series N Preferred Stock shall be $25,000 per share plus an amount equal to any dividends that have been declared but not paid, without accumulation of any undeclared dividends.

**(b) Notice of Redemption**. Notice of every redemption of shares of Series N Preferred Stock shall be mailed by first class mail, postage prepaid, addressed to the holders of record of such shares to be redeemed at their respective last addresses appearing on the stock register of the Corporation. Such mailing shall be at least 40 days and not more than 70 days before the date fixed for redemption. Any notice mailed as provided in this Section 6(b) shall be conclusively presumed to have been duly given, whether or not the holder receives such notice, but failure duly to give such notice by mail, or any defect in such notice or in the mailing thereof, to any holder of shares of Series N Preferred Stock designated for redemption shall not affect the validity of the proceedings for the redemption of any other shares of Series N Preferred Stock. Each notice shall state (i) the redemption date; (ii) the number of shares of Series N Preferred Stock to be redeemed and, if fewer than all the shares held by such holder are to be redeemed, if applicable, the number of such shares to be redeemed from such holder; (iii) the redemption price; (iv) the place or places where the certificates for those shares are to be surrendered for payment of the redemption price; and (v) that dividends on the shares to be redeemed will cease to accrue on the redemption date. Notwithstanding the foregoing, if the Series N Preferred Stock is held in book-entry form through DTC, the Corporation may give such notice in any manner permitted by DTC.

**(c) Partial Redemption**. In case of any redemption of only part of the shares of Series N Preferred Stock at the time outstanding, the shares of Series N Preferred Stock to be redeemed shall be selected either *pro rata* from the holders of record of Series N Preferred Stock in proportion to the number of Series N Preferred Stock held by such holders or in such other manner as the Board of Directors of the Corporation or any duly authorized committee of the Board of Directors of the Corporation may determine to be fair and equitable. Subject to the provisions of this Section 6, the Board of Directors of the Corporation or any duly authorized committee of the Board of Directors shall have full power and authority to prescribe the terms and conditions upon which shares of Series N Preferred Stock shall be redeemed from time to time.

**(d) Effectiveness of Redemption**. If notice of redemption has been duly given and if on or before the redemption date specified in the notice all funds necessary for the redemption have been irrevocably set aside by the Corporation, separate and apart from its other assets, in

trust for the *pro rata* benefit of the holders of the shares called for redemption, so as to be and continue to be available therefor, or deposited by the Corporation with a bank or trust company selected by the Board of Directors of the Corporation or any duly authorized committee of the Board of Directors (the "*Depositary Company*") in trust for the *pro rata* benefit of the holders of the shares called for redemption, then, notwithstanding that any certificate for any share so called for redemption has not been surrendered for cancellation, on and after the redemption date all shares so called for redemption shall cease to be outstanding, all dividends with respect to such shares shall cease to accrue after such redemption date, and all rights with respect to such shares shall forthwith on such redemption date cease and terminate, except only the right of the holders thereof to receive the amount payable on such redemption from the Depository Company at any time after the redemption date from the funds so deposited, without interest. The Corporation shall be entitled to receive, from time to time, from the Depositary Company any interest accrued on such funds, and the holders of any shares called for redemption shall have no claim to any such interest. Any funds so deposited and unclaimed at the end of two years from the redemption date shall, to the extent permitted by law, be released or repaid to the Corporation, after which time the holders of the shares so called for redemption shall look only to the Corporation for payment of the redemption price of such shares.

**Section 7. Voting Rights.**

**(a) General.** The holders of Series N Preferred Stock shall not be entitled to vote on any matter except as set forth in paragraph 7(b) below or as required by applicable law.

**(b) Right To Elect Two Directors Upon Nonpayment Events.** Whenever dividends payable on any shares of Series N Preferred Stock or any class or series of Voting Parity Stock have not been declared and paid in an aggregate amount equal to, as to any class or series, at least six quarterly Dividend Periods or their equivalent, whether or not for consecutive Dividend Periods (a "*Nonpayment Event*"), the holders of the outstanding Series N Preferred Stock, voting together as a class with holders of Voting Parity Stock whose voting rights are exercisable, will be entitled to vote for the election of two additional directors of the Corporation's Board of Directors at the Corporation's next annual meeting of stockholders and at each subsequent annual meeting of stockholders (the "*Preferred Stock Directors*") by a plurality of the votes cast; *provided* that the Board of Directors shall at no time include more than two Preferred Stock Directors (including, for purposes of this limitation, all directors that the holders of any series of Voting Parity Stock are entitled to elect pursuant to like voting rights). Upon the vesting of such right of such holders, the maximum authorized number of members of the Board of Directors shall automatically be increased by two and the two vacancies so created shall be filled by vote of the holders of the outstanding Series N Preferred Stock (together with the holders of shares of any one or more other series of Voting Parity Stock). At elections for such directors, each holder of the Series N Preferred Stock shall be entitled to 25 votes for each share held (the holders of shares of any other series of Voting Parity Stock being entitled to such number of votes, if any, for each share of such stock as may be granted to them). The right of the holders of the Series N Preferred Stock (voting together as a class with the holders of shares of any one or more other series of Voting Parity Stock) to elect Preferred Stock Directors shall continue until such time as the Corporation has paid in full dividends for the equivalent of at least four quarterly Dividend

Periods or their equivalent, at which time such right with respect to the Series N Preferred Stock shall terminate, except as provided by law, and subject to revesting in the event of each and every subsequent default of the character described in this Section 7(b).

Upon any termination of the right of the holders of all shares of Series N Preferred Stock and Voting Parity Stock to vote for Preferred Stock Directors, the term of office of all Preferred Stock Directors then in office elected by only those holders voting as a class shall terminate immediately. Any Preferred Stock Director may be removed at any time without cause by the holders of a majority of the outstanding shares of Series N Preferred Stock and Voting Parity Stock, when they have the voting rights described above (voting together as a class). In case any vacancy shall occur among the Preferred Stock Directors, a successor may be elected by a plurality of the votes cast by the holders of Series N Preferred Stock and Voting Parity Stock having the voting rights described above, voting together as a class, unless the vacancy has already been filled. The Preferred Stock Directors shall each be entitled to one vote per director on any matter that shall come before the Board of Directors for a vote. Whenever the term of office of the directors elected by such holders voting as a class shall end and the special voting powers vested in such holders as provided in this Section 7(b) shall have expired, the number of directors shall be such number as may be provided for in the By-Laws irrespective of any increase made pursuant to this Section 7(b).

**(c) Other Voting Rights**. In addition to any other vote required by law or the Restated Certificate of Incorporation, so long as any shares of the Series N Preferred Stock remain outstanding, the vote or consent of the holders of the outstanding shares of Series N Preferred Stock and outstanding shares of all other series of Voting Parity Stock entitled to vote on the matter, by a vote of at least 66 2/3% in voting power of all such outstanding Series N Preferred Stock and such Voting Parity Stock, voting together as a class, given in person or by proxy, either in writing without a meeting or at any meeting called for the purpose, shall be necessary to permit, effect or validate any one or more of the following actions, whether or not such approval is required by Delaware law: (i) the issuance of any class or series of Preferred Stock or Preference Stock ranking senior to the Series N Preferred Stock in the payment of dividends or the distribution of assets in the event of the Corporation's voluntary or involuntary liquidation, dissolution or winding up; (ii) any amendment, alteration or repeal of any provision of the Restated Certificate of Incorporation, including the Certificate of Designation, or the Bylaws that would adversely affect the rights, preferences, privileges or voting powers of the Series N Preferred Stock; (iii) any amendment or alteration of the Restated Certificate of Incorporation, including the Certificate of Designation, or Bylaws to authorize, create, or increase the authorized amount of, any shares of, or any securities convertible into shares of, any class or series of the Corporation's capital stock ranking senior to the Series N Preferred Stock with respect to either the payment of dividends or in the distribution of assets in the event of the Corporation's voluntary or involuntary liquidation, dissolution or winding up; or (iv) any consummation of a reclassification involving the Series N Preferred Stock or a merger or consolidation with another corporation or other entity, except holders of the Series N Preferred Stock will have no right to vote under this section 7(c)(iv) if in each case (a) the shares of Series N Preferred Stock remain outstanding or, in the case of any such merger or consolidation with respect to which the Corporation is not the surviving or resulting entity, are converted into or

exchanged for preference securities of the surviving or resulting entity or its ultimate parent, and (b) such shares of Series N Preferred Stock remaining outstanding or such preference securities, as the case may be, have such rights, preferences, privileges and voting powers, taken as a whole, as are not materially less favorable to the holders thereof than the rights, preferences, privileges and voting powers of the Series N Preferred Stock, taken as a whole; *provided, however*, that any authorization, creation or increase in the authorized amount of or issuance of the Series N Preferred Stock or any Parity Stock or Junior Stock or any securities convertible into any class or series of Parity Stock (whether dividends payable in respect of such Parity Stock are cumulative or non-cumulative) or Junior Stock will be deemed not to adversely affect the rights, preferences, privileges or voting powers of the Series N Preferred Stock, and holders of the Series N Preferred Stock shall have no right to vote thereon.

If any amendment, alteration, repeal, reclassification, merger or consolidation specified in this Section 7(c) would adversely affect one or more but not all series of voting Preferred Stock (including the Series N Preferred Stock), then only those series affected by and entitled to vote on the matter shall vote on the matter together as a class (in lieu of all other series of Preferred Stock).

Each holder of the Series N Preferred Stock will have 25 votes per share on any matter on which holders of the Series N Preferred Stock are entitled to vote, whether separately or together with any other series of stock of the Corporation (the holders of any shares of any other series of stock being entitled to such number of votes, if any, for each share of stock as may be granted to them), pursuant to Delaware law or otherwise, including by written consent.

(1) **(d) Changes after Provision for Redemption.** No vote or consent of the holders of Series N Preferred Stock shall be required pursuant to Section 7(b) or (c) above if, at or prior to the time when any such vote or consent would otherwise be required pursuant to such Section, all outstanding Series N Preferred Stock shall have been redeemed, or notice of redemption has been given and sufficient funds shall have been irrevocably deposited in trust to effect such redemption.

**(e) Procedures for Voting and Consents.** The rules and procedures for calling and conducting any meeting of the holders of Series N Preferred Stock (including, without limitation, the fixing of a record date in connection therewith), the solicitation and use of proxies at such a meeting, the obtaining of written consents and any other aspect or matter with regard to such a meeting or such consents shall be governed by any rules the Board of Directors, in its discretion, may adopt from time to time, which rules and procedures shall conform to the requirements of the Restated Certificate of Incorporation, the Bylaws, applicable law and any national securities exchange or other trading facility in which the Series N Preferred Stock is listed or traded at the time.

**Section 8. Preemption and Conversion**. The holders of Series N Preferred Stock shall not have any rights of preemption or rights to convert such Series N Preferred Stock into shares of any other class of capital stock of the Corporation.

**Section 9. Reacquired Shares**. Shares of Series N Preferred Stock which have been issued and redeemed or otherwise purchased or acquired by the Corporation shall be restored to the status of authorized but unissued shares of Preferred Stock without designation as to series.

**Section 10. No Sinking Fund**. Shares of Series N Preferred Stock are not subject to the operation of a sinking fund.

**Section 11. Additional Classes or Series of Stock**. Notwithstanding anything set forth in the Restated Certificate of Incorporation or this Certificate of Designation to the contrary, the Board of Directors of the Corporation, or any authorized committee of the Board of Directors of the Corporation, (i) without the vote of the holders of the Series N Preferred Stock, may authorize and issue additional shares of Junior Stock and Parity Stock and (ii) with the requisite vote of the holders of the Series N Preferred Stock and Parity Stock entitled to vote thereon, may authorize and issue any additional class or series of Preferred Stock or Preference Stock senior to the Series N Preferred Stock as to the payment of dividends and/or the distribution of assets upon any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation.

**In Witness Whereof, Wells Fargo & Company** has caused this Certificate of Designation to be signed by Barbara S. Brett, its Senior Vice President and Assistant Treasurer, and Jeannine E. Zahn, its Assistant Secretary, this 14th day of August, 2012.

**Wells Fargo & Company**

**By**: /s/ Barbara S. Brett
**Barbara S. Brett, Senior Vice President and Assistant Treasurer**

/s/ Jeannine E. Zahn
Jeannine E. Zahn, Assistant Secretary

[As filed with the Delaware Secretary of State on August 15, 2012.]

**WELLS FARGO & COMPANY**

**CERTIFICATE OF DESIGNATION**

Pursuant to Section 151(g) of the
General Corporation Law
of the State of Delaware

**NON-CUMULATIVE PERPETUAL CLASS A PREFERRED STOCK, SERIES O**
**(Without Par Value)**

WELLS FARGO & COMPANY, a corporation organized and existing under the laws of the State of Delaware (the "*Corporation*"), HEREBY CERTIFIES that, pursuant to authority conferred upon the Board of Directors of the Corporation (the "*Board of Directors*") by the provisions of the Restated Certificate of Incorporation of the Corporation, as amended, which authorize the issuance of not more than 20,000,000 shares of Preferred Stock, without par value, and pursuant to authority conferred upon the Securities Committee of the Board of Directors (the "*Committee*") in accordance with Section 141(c) of the General Corporation Law of the State of Delaware (the "*General Corporation Law*"), the following resolutions were duly adopted by the Committee pursuant to the unanimous written consent of the Committee duly adopted on November 16, 2012, in accordance with Section 141(f) of the General Corporation Law:

**Resolved,** that pursuant to the authority vested in the Committee and in accordance with the resolutions of the Board of Directors dated January 27, 2009, the provisions of the Restated Certificate of Incorporation, the By-laws of the Corporation, and applicable law, a series of Preferred Stock, no par value, of the Corporation be and hereby is created, and that the designation and number of shares of such series, and the voting and other powers, designations, preferences and relative, participating, optional or other rights, and the qualifications, limitations and restrictions thereof, of the shares of such series, are as follows:

**RIGHTS AND PREFERENCES**

**Section 1. Designation**. The shares of such series of Preferred Stock shall be designated Non-Cumulative Perpetual Class A Preferred Stock, Series O, with no par value and a liquidation preference amount of $25,000 per share (the "*Series O Preferred Stock*"). Each share of Series O Preferred Stock shall be identical in all respects to every other share of Series O Preferred Stock except with respect to the date from which dividends may accrue. Series O Preferred Stock will rank equally with Parity Stock with respect to the payment of dividends and distribution of assets in the event of any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation and will rank senior to Junior Stock with respect to the payment of dividends and/or the distribution of assets in the event of any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation.

**Section 2. Number of Shares**. The number of authorized shares of Series O Preferred Stock shall be 27,600. Such number may from time to time be increased (but not in excess of the total number of authorized shares of Preferred Stock) or decreased (but not below the number of shares of Series O Preferred Stock then outstanding) by further resolution duly adopted by the Board of Directors of the Corporation or any duly authorized committee of the Board of Directors of the Corporation and by the filing of a certificate pursuant to the provisions of the General Corporation Law stating that such increase or decrease, as the case may be, has been so authorized. The Corporation shall have the authority to issue fractional shares of Series O Preferred Stock.

**Section 3. Definitions**. As used herein with respect to Series O Preferred Stock:

"*Business Day*" means any day, other than a Saturday or Sunday, that is neither a legal holiday nor a day on which banking institutions are authorized or required by law or regulation to close in New York, New York.

"*Certificate of Designation*" means this Certificate of Designation relating to the Series O Preferred Stock, as it may be amended from time to time.

*"Common Stock"* means the common stock of the Corporation, par value $1⅔ per share, as the same exists at the date of this Certificate of Designation or as such stock may be constituted from time to time.

"*Depositary Company*" has the meaning set forth in Section 6(d) hereof.

*"Dividend Payment Date"* has the meaning set forth in Section 4(a) hereof.

"*Dividend Period*" has the meaning set forth in Section 4(a) hereof.

"*DTC*" means The Depository Trust Company, together with its successors and assigns.

*"Junior Stock*" means the Common Stock and any other class or series of stock of the Corporation now existing or hereafter authorized over which the Series O Preferred Stock has preference or priority in the payment of dividends or in the distribution of assets on any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation.

"*Liquidation Preference*" has the meaning set forth in Section 5(a) hereof.

"*Nonpayment Event*" shall have the meaning set forth in Section 7(b).

"*Parity Stock*" means any other class or series of stock of the Corporation now existing or hereafter authorized that ranks on par with the Series O Preferred Stock in the payment of dividends (whether such dividends are cumulative or non-cumulative) or in the distribution of assets in the event of any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation.

"*Preference Stock*" means any and all series of preference stock, having no par value, of the Corporation.

"*Preferred Stock*" means any and all series of preferred stock, having no par value, of the Corporation, including the Series O Preferred Stock.

"*Preferred Stock Directors*" shall have the meaning set forth in Section 7(b).

"*Regulatory Capital Treatment Event*" means the Corporation's reasonable determination that as a result of any (i) amendment to, clarification of, or change (including any announced prospective change) in, the laws or regulations of the United States or any political subdivision of or in the United States that is enacted or becomes effective on or after November 13, 2012; (ii) proposed change in those laws or regulations that is announced or becomes effective on or after November 13, 2012; or (iii) official administrative decision or judicial decision or administrative action or other official pronouncement interpreting or applying those laws or regulations that is announced on or after November 13, 2012, there is more than an insubstantial risk that the Corporation will not be entitled to treat the full liquidation preference amount of all shares of Series O Preferred Stock then outstanding as Tier 1 capital (or its equivalent) for purposes of the capital adequacy guidelines or regulations of the appropriate federal banking agency, as then in effect and applicable, for as long as any share of Series O Preferred Stock is outstanding.

"*Series O Preferred Stock*" has the meaning set forth in Section 1 hereof.

v) "*Voting Parity Stock*" means any Parity Stock having similar voting rights as the Series O Preferred Stock.

**vi) Section 4. Dividends.**

**(a) Rate**. Dividends on the Series O Preferred Stock will not be mandatory. Holders of Series O Preferred Stock shall be entitled to receive, when, as and if declared by the Board of Directors of the Corporation or any duly authorized committee of the Board of Directors of the Corporation, but only out of assets legally available therefor, non-cumulative cash dividends on the liquidation preference amount of $25,000 per share of the Series O Preferred Stock, payable quarterly in arrears on the 15th day of March, June, September and December of each year (commencing on March 15, 2013); provided, however, if any such day is not a Business Day, then payment of any dividend otherwise payable on that date will be made on the next succeeding day that is a Business Day, without any interest or other payment in respect of such delay (each such day on which dividends are payable a "*Dividend Payment Date*"). A "*Dividend Period*" means the period from, and including, a Dividend Payment Date to, but excluding, the next succeeding Dividend Payment Date, except for the initial Dividend Period, which will be the period from, and including, November 20, 2012 to, but excluding, March 15, 2013. Dividends on each share of Series O Preferred Stock will accrue at a rate *per annum* equal to 5.125%. The record date for payment of dividends on the Series O Preferred Stock shall be the last Business Day of the calendar month immediately preceding the month during which the Dividend Payment Date falls or such other date as determined by the Corporation's Board of

Directors. The amount of dividends payable shall be computed on the basis of a 360-day year of twelve 30-day months. Dollar amounts resulting from that calculation will be rounded to the nearest cent, with one-half cent being rounded upward.

**(b) Non-Cumulative Dividends**. Dividends on shares of Series O Preferred Stock shall be non-cumulative. To the extent that any dividends payable on the shares of Series O Preferred Stock on any Dividend Payment Date are not declared prior to such Dividend Payment Date, then such dividends shall not cumulate and shall cease to accrue and be payable, and the Corporation shall have no obligation to pay, and the holders of Series O Preferred Stock shall have no right to receive, dividends accrued for such Dividend Period on the Dividend Payment Date for such Dividend Period or at any time in the future or interest with respect to such dividends, whether or not dividends are declared for any subsequent Dividend Period with respect to Series O Preferred Stock or any other series of authorized Preferred Stock, Preference Stock, or Common Stock of the Corporation.

**(c) Priority of Dividends**. So long as any shares of Series O Preferred Stock remain outstanding,

(1) no dividend shall be declared and paid or set aside for payment and no distribution shall be declared and made or set aside for payment on any Common Stock, and no shares of Common Stock shall be repurchased, redeemed or otherwise acquired for consideration by the Corporation, directly or indirectly, nor shall any monies be paid to or made available for a sinking fund for the redemption of any such Common Stock by the Corporation (other than (i) a dividend payable in Common Stock or (ii) the acquisition of shares of Common Stock in exchange for, or through application of proceeds of the sale of, shares of Common Stock);

(2) no dividend shall be declared and paid or set aside for payment and no distribution shall be declared and made or set aside for payment on any Junior Stock other than Common Stock, and no shares of Junior Stock other than Common Stock shall be repurchased, redeemed or otherwise acquired for consideration by the Corporation, directly or indirectly, nor shall any monies be paid to or made available for a sinking fund for the redemption of any such Junior Stock other than Common Stock by the Corporation (other than (i) a dividend payable solely in shares of Junior Stock, (ii) any dividend in connection with the implementation of a stockholder rights plan, or the redemption or repurchase of any rights under any such plan, (iii) any dividend in the form of stock, warrants, options or other rights where the dividend stock or stock issuable upon exercise of such warrants, options or other rights is the same stock as that on which the dividend is being paid or ranks equally with or junior to such stock, (iv) as a result of a reclassification of Junior Stock other than Common Stock for or into other Junior Stock, (v) the exchange or conversion of one share of Junior Stock other than Common Stock for or into another share of Junior Stock, (vi) through the use of proceeds of a substantially contemporaneous sale of other shares of Junior Stock, (vii) any purchase, redemption or other acquisition of Junior Stock other than Common Stock pursuant to any of the Corporation's or any of its subsidiaries' employee, consultant or director incentive or benefit plans or arrangements (including any employment, severance or consulting arrangements) adopted before or after November 13, 2012, (viii) any purchase of fractional interests in shares of Junior Stock other than Common Stock pursuant to the conversion or exchange provisions of such

Junior Stock other than Common Stock or the securities being converted or exchanged, (ix) the purchase of Junior Stock other than Common Stock by Wells Fargo Securities, LLC, or any other affiliate of the Corporation, in connection with the distribution thereof or (x) the purchase of Junior Stock other than Common Stock by Wells Fargo Securities, LLC, or any other affiliate of the Corporation, in connection with market-making or other secondary market activities in the ordinary course of business); and

(3) no shares of Parity Stock will be repurchased, redeemed or otherwise acquired for consideration by the Corporation otherwise than pursuant to *pro rata* offers to purchase all, or a *pro rata*portion, of the Series O Preferred Stock and such Parity Stock during a Dividend Period (other than (i) as a result of a reclassification of Parity Stock for or into other Parity Stock or Junior Stock, (ii) the exchange or conversion of one share of Parity Stock for or into another share of Parity Stock or Junior Stock, (iii) through the use of proceeds of a substantially contemporaneous sale of other shares of Parity Stock or Junior Stock, (iv) any purchase, redemption or other acquisition of Parity Stock pursuant to any of the Corporation's or any of its subsidiaries' employee, consultant or director incentive or benefit plans or arrangements (including any employment, severance or consulting arrangements) adopted before or after November 13, 2012, (v) any purchase of fractional interests in shares of Parity Stock pursuant to the conversion or exchange provisions of such Parity Stock or the securities being converted or exchanged, (vi) the purchase of Parity Stock by Wells Fargo Securities, LLC, or any other affiliate of the Corporation, in connection with the distribution thereof or (vii) the purchase of Parity Stock by Wells Fargo Securities, LLC, or any other affiliate of the Corporation, in connection with market-making or other secondary market activities in the ordinary course of business), unless, in each case, the full dividends for the then-current Dividend Period on all outstanding shares of the Series O Preferred Stock have been declared and paid or declared and a sum sufficient for the payment of those dividends has been set aside.

Subject to the succeeding sentence, for so long as any shares of Series O Preferred Stock remain outstanding, no dividends shall be declared, paid, or set aside for payment on any Parity Stock for any period unless full dividends on all outstanding shares of Series O Preferred Stock for the then-current Dividend Period have been paid in full or declared and a sum sufficient for the payment thereof set aside. To the extent the Corporation declares dividends on the Series O Preferred Stock and on any Parity Stock but cannot make full payment of those declared dividends, the Corporation will allocate the dividend payments on a proportional basis among the holders of shares of Series O Preferred Stock and the holders of any Parity Stock then outstanding where the terms of such Parity Stock provide similar dividend rights.

Subject to the foregoing, and not otherwise, such dividends (payable in cash, stock or otherwise) as may be determined by the Board of Directors of the Corporation or any duly authorized committee of the board of Directors of the Corporation may be declared and paid on the Common Stock and any other stock that is Parity Stock or Junior Stock, from time to time out of any assets legally available for such payment, and the shares of Series O Preferred Stock shall not be entitled to participate in any such dividends.

**Section 5. Liquidation Rights.**

**(a) Liquidation**. In the event of any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation, holders of Series O Preferred Stock shall be entitled to receive in full out of assets available for distribution to its stockholders before any distribution or payment out of the assets of the Corporation may be made to or set aside for the holders of the Common Stock or any other Junior Stock, and subject to the rights of the holders of Parity Stock or any stock of the Corporation ranking senior to the Series O Preferred Stock as to such distribution, a liquidating distribution in the amount of $25,000 per share, plus an amount equal to any dividends which have been declared but not yet paid, without accumulation of any undeclared dividends, to the date of liquidation (the "*Liquidation Preference*"). The holders of Series O Preferred Stock shall not be entitled to any further payments in the event of any such voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation other than what is expressly provided for in this Section 5.

**(b) Partial Payment**. If the assets of the Corporation are not sufficient to pay in full the Liquidation Preference to all holders of Series O Preferred Stock and all holders of any Parity Stock, the amounts paid to the holders of Series O Preferred Stock and to the holders of all Parity Stock shall be *pro rata* in accordance with the respective aggregate liquidation preference of Series O Preferred Stock and all such Parity Stock.

**(c) Residual Distributions**. If the Liquidation Preference has been paid in full to all holders of Series O Preferred Stock and all other amounts payable upon liquidation, dissolution or winding up of the Corporation have been paid in full to all holders of any Parity Stock, the holders of Common Stock and any other Junior Stock shall be entitled to receive all remaining assets of the Corporation according to their respective rights and preferences.

**(d) Merger, Consolidation and Sale of Assets Not Liquidation**. For purposes of this Section 5, the sale, conveyance, exchange or transfer (for cash, shares of stock, securities or other consideration) of all or substantially all of the property and assets of the Corporation shall not be deemed a voluntary or involuntary dissolution, liquidation or winding up of the affairs of the Corporation, nor shall the merger, consolidation or any other business combination transaction of the Corporation into or with any other corporation or person or the merger, consolidation or any other business combination transaction of any other corporation or person into or with the Corporation be deemed to be a voluntary or involuntary dissolution, liquidation or winding up of the affairs of the Corporation.

**Section 6. Redemption.**

**(a) Optional Redemption**. The Corporation, at the option of its Board of Directors or any duly authorized committee of the Board of Directors of the Corporation, may redeem, subject to the prior approval of the Federal Reserve Board, out of funds legally available therefor, in whole or in part, the shares of Series O Preferred Stock at the time outstanding, at any time on any Dividend Payment Date on or after December 15, 2017, upon notice given as provided in Section 6(b) below. The redemption price for shares of Series O Preferred Stock shall be $25,000 per share plus an amount equal to any dividends that have been declared but not paid up to the redemption date without accumulation of any undeclared dividends.

Notwithstanding the foregoing, within 90 days of the Corporation's good faith determination that a Regulatory Capital Treatment Event has occurred, the Corporation, at the option of its Board of Directors or any duly authorized committee of the Board of Directors of the Corporation, may, subject to the approval of the appropriate federal banking agency, redeem out of funds legally available therefor, in whole, but not in part, the shares of Series O Preferred Stock at the time outstanding, prior to December 15, 2017, upon notice given as provided in Section 6(b) below. The redemption price for shares of Series O Preferred Stock shall be $25,000 per share plus an amount equal to any dividends that have been declared but not paid, without accumulation of any undeclared dividends.

**(b) Notice of Redemption**. Notice of every redemption of shares of Series O Preferred Stock shall be mailed by first class mail, postage prepaid, addressed to the holders of record of such shares to be redeemed at their respective last addresses appearing on the stock register of the Corporation. Such mailing shall be at least 40 days and not more than 70 days before the date fixed for redemption. Any notice mailed as provided in this Section 6(b) shall be conclusively presumed to have been duly given, whether or not the holder receives such notice, but failure duly to give such notice by mail, or any defect in such notice or in the mailing thereof, to any holder of shares of Series O Preferred Stock designated for redemption shall not affect the validity of the proceedings for the redemption of any other shares of Series O Preferred Stock. Each notice shall state (i) the redemption date; (ii) the number of shares of Series O Preferred Stock to be redeemed and, if fewer than all the shares held by such holder are to be redeemed, if applicable, the number of such shares to be redeemed from such holder; (iii) the redemption price; (iv) the place or places where the certificates for those shares are to be surrendered for payment of the redemption price; and (v) that dividends on the shares to be redeemed will cease to accrue on the redemption date. Notwithstanding the foregoing, if the Series O Preferred Stock is held in book-entry form through DTC, the Corporation may give such notice in any manner permitted by DTC.

**(c) Partial Redemption**. In case of any redemption of only part of the shares of Series O Preferred Stock at the time outstanding, the shares of Series O Preferred Stock to be redeemed shall be selected either *pro rata* from the holders of record of Series O Preferred Stock in proportion to the number of Series O Preferred Stock held by such holders or in such other manner as the Board of Directors of the Corporation or any duly authorized committee of the Board of Directors of the Corporation may determine to be fair and equitable. Subject to the provisions of this Section 6, the Board of Directors of the Corporation or any duly authorized committee of the Board of Directors shall have full power and authority to prescribe the terms and conditions upon which shares of Series O Preferred Stock shall be redeemed from time to time.

**(d) Effectiveness of Redemption**. If notice of redemption has been duly given and if on or before the redemption date specified in the notice all funds necessary for the redemption have been irrevocably set aside by the Corporation, separate and apart from its other assets, in trust for the *pro rata* benefit of the holders of the shares called for redemption, so as to be and continue to be available therefor, or deposited by the Corporation with a bank or trust company

selected by the Board of Directors of the Corporation or any duly authorized committee of the Board of Directors (the "*Depositary Company*") in trust for the *pro rata* benefit of the holders of the shares called for redemption, then, notwithstanding that any certificate for any share so called for redemption has not been surrendered for cancellation, on and after the redemption date all shares so called for redemption shall cease to be outstanding, all dividends with respect to such shares shall cease to accrue after such redemption date, and all rights with respect to such shares shall forthwith on such redemption date cease and terminate, except only the right of the holders thereof to receive the amount payable on such redemption from the Depository Company at any time after the redemption date from the funds so deposited, without interest. The Corporation shall be entitled to receive, from time to time, from the Depositary Company any interest accrued on such funds, and the holders of any shares called for redemption shall have no claim to any such interest. Any funds so deposited and unclaimed at the end of two years from the redemption date shall, to the extent permitted by law, be released or repaid to the Corporation, after which time the holders of the shares so called for redemption shall look only to the Corporation for payment of the redemption price of such shares.

**Section 7. Voting Rights.**

**(a) General.** The holders of Series O Preferred Stock shall not be entitled to vote on any matter except as set forth in paragraph 7(b) below or as required by applicable law.

**(b) Right To Elect Two Directors Upon Nonpayment Events.** Whenever dividends payable on any shares of Series O Preferred Stock or any class or series of Voting Parity Stock have not been declared and paid in an aggregate amount equal to, as to any class or series, at least six quarterly Dividend Periods or their equivalent, whether or not for consecutive Dividend Periods (a "*Nonpayment Event*"), the holders of the outstanding Series O Preferred Stock, voting together as a class with holders of Voting Parity Stock whose voting rights are exercisable, will be entitled to vote for the election of two additional directors of the Corporation's Board of Directors at the Corporation's next annual meeting of stockholders and at each subsequent annual meeting of stockholders (the "*Preferred Stock Directors*") by a plurality of the votes cast; *provided* that the Board of Directors shall at no time include more than two Preferred Stock Directors (including, for purposes of this limitation, all directors that the holders of any series of Voting Parity Stock are entitled to elect pursuant to like voting rights). Upon the vesting of such right of such holders, the maximum authorized number of members of the Board of Directors shall automatically be increased by two and the two vacancies so created shall be filled by vote of the holders of the outstanding Series O Preferred Stock (together with the holders of shares of any one or more other series of Voting Parity Stock). At elections for such directors, each holder of the Series O Preferred Stock shall be entitled to 25 votes for each share held (the holders of shares of any other series of Voting Parity Stock being entitled to such number of votes, if any, for each share of such stock as may be granted to them). The right of the holders of the Series O Preferred Stock (voting together as a class with the holders of shares of any one or more other series of Voting Parity Stock) to elect Preferred Stock Directors shall continue until such time as the Corporation has paid in full dividends for the equivalent of at least four quarterly Dividend Periods or their equivalent, at which time such right with respect to the Series O Preferred Stock

shall terminate, except as provided by law, and subject to revesting in the event of each and every subsequent default of the character described in this Section 7(b).

Upon any termination of the right of the holders of all shares of Series O Preferred Stock and Voting Parity Stock to vote for Preferred Stock Directors, the term of office of all Preferred Stock Directors then in office elected by only those holders voting as a class shall terminate immediately. Any Preferred Stock Director may be removed at any time without cause by the holders of a majority of the outstanding shares of Series O Preferred Stock and Voting Parity Stock, when they have the voting rights described above (voting together as a class). In case any vacancy shall occur among the Preferred Stock Directors, a successor may be elected by a plurality of the votes cast by the holders of Series O Preferred Stock and Voting Parity Stock having the voting rights described above, voting together as a class, unless the vacancy has already been filled. The Preferred Stock Directors shall each be entitled to one vote per director on any matter that shall come before the Board of Directors for a vote. Whenever the term of office of the directors elected by such holders voting as a class shall end and the special voting powers vested in such holders as provided in this Section 7(b) shall have expired, the number of directors shall be such number as may be provided for in the By-Laws irrespective of any increase made pursuant to this Section 7(b).

**(c) Other Voting Rights**. In addition to any other vote required by law or the Restated Certificate of Incorporation, so long as any shares of the Series O Preferred Stock remain outstanding, the vote or consent of the holders of the outstanding shares of Series O Preferred Stock and outstanding shares of all other series of Voting Parity Stock entitled to vote on the matter, by a vote of at least 66 2/3% in voting power of all such outstanding Series O Preferred Stock and such Voting Parity Stock, voting together as a class, given in person or by proxy, either in writing without a meeting or at any meeting called for the purpose, shall be necessary to permit, effect or validate any one or more of the following actions, whether or not such approval is required by Delaware law: (i) the issuance of any class or series of Preferred Stock or Preference Stock ranking senior to the Series O Preferred Stock in the payment of dividends or the distribution of assets in the event of the Corporation's voluntary or involuntary liquidation, dissolution or winding up; (ii) any amendment, alteration or repeal of any provision of the Restated Certificate of Incorporation, including the Certificate of Designation, or the Bylaws that would adversely affect the rights, preferences, privileges or voting powers of the Series O Preferred Stock; (iii) any amendment or alteration of the Restated Certificate of Incorporation, including the Certificate of Designation, or Bylaws to authorize, create, or increase the authorized amount of, any shares of, or any securities convertible into shares of, any class or series of the Corporation's capital stock ranking senior to the Series O Preferred Stock with respect to either the payment of dividends or in the distribution of assets in the event of the Corporation's voluntary or involuntary liquidation, dissolution or winding up; or (iv) any consummation of a reclassification involving the Series O Preferred Stock or a merger or consolidation with another corporation or other entity, except holders of the Series O Preferred Stock will have no right to vote under this section 7(c)(iv) if in each case (a) the shares of Series O Preferred Stock remain outstanding or, in the case of any such merger or consolidation with respect to which the Corporation is not the surviving or resulting entity, are converted into or exchanged for preference securities of the surviving or resulting entity or its ultimate parent, and

(b) such shares of Series O Preferred Stock remaining outstanding or such preference securities, as the case may be, have such rights, preferences, privileges and voting powers, taken as a whole, as are not materially less favorable to the holders thereof than the rights, preferences, privileges and voting powers of the Series O Preferred Stock, taken as a whole; *provided, however*, that any authorization, creation or increase in the authorized amount of or issuance of the Series O Preferred Stock or any Parity Stock or Junior Stock or any securities convertible into any class or series of Parity Stock (whether dividends payable in respect of such Parity Stock are cumulative or non-cumulative) or Junior Stock will be deemed not to adversely affect the rights, preferences, privileges or voting powers of the Series O Preferred Stock, and holders of the Series O Preferred Stock shall have no right to vote thereon.

If any amendment, alteration, repeal, reclassification, merger or consolidation specified in this Section 7(c) would adversely affect one or more but not all series of voting Preferred Stock (including the Series O Preferred Stock), then only those series affected by and entitled to vote on the matter shall vote on the matter together as a class (in lieu of all other series of Preferred Stock).

Each holder of the Series O Preferred Stock will have 25 votes per share on any matter on which holders of the Series O Preferred Stock are entitled to vote, whether separately or together with any other series of stock of the Corporation (the holders of any shares of any other series of stock being entitled to such number of votes, if any, for each share of stock as may be granted to them), pursuant to Delaware law or otherwise, including by written consent.

(1) **(d) Changes after Provision for Redemption.** No vote or consent of the holders of Series O Preferred Stock shall be required pursuant to Section 7(b) or (c) above if, at or prior to the time when any such vote or consent would otherwise be required pursuant to such Section, all outstanding Series O Preferred Stock shall have been redeemed, or notice of redemption has been given and sufficient funds shall have been irrevocably deposited in trust to effect such redemption.

**(e) Procedures for Voting and Consents.** The rules and procedures for calling and conducting any meeting of the holders of Series O Preferred Stock (including, without limitation, the fixing of a record date in connection therewith), the solicitation and use of proxies at such a meeting, the obtaining of written consents and any other aspect or matter with regard to such a meeting or such consents shall be governed by any rules the Board of Directors, in its discretion, may adopt from time to time, which rules and procedures shall conform to the requirements of the Restated Certificate of Incorporation, the Bylaws, applicable law and any national securities exchange or other trading facility in which the Series O Preferred Stock is listed or traded at the time.

**Section 8. Preemption and Conversion**. The holders of Series O Preferred Stock shall not have any rights of preemption or rights to convert such Series O Preferred Stock into shares of any other class of capital stock of the Corporation.

**Section 9. Reacquired Shares**. Shares of Series O Preferred Stock which have been issued and redeemed or otherwise purchased or acquired by the Corporation shall be restored to the status of authorized but unissued shares of Preferred Stock without designation as to series.

**Section 10. No Sinking Fund**. Shares of Series O Preferred Stock are not subject to the operation of a sinking fund.

**Section 11. Additional Classes or Series of Stock**. Notwithstanding anything set forth in the Restated Certificate of Incorporation or this Certificate of Designation to the contrary, the Board of Directors of the Corporation, or any authorized committee of the Board of Directors of the Corporation, (i) without the vote of the holders of the Series O Preferred Stock, may authorize and issue additional shares of Junior Stock and Parity Stock and (ii) with the requisite vote of the holders of the Series O Preferred Stock and Parity Stock entitled to vote thereon, may authorize and issue any additional class or series of Preferred Stock or Preference Stock senior to the Series O Preferred Stock as to the payment of dividends and/or the distribution of assets upon any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation.

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**In Witness Whereof, Wells Fargo & Company** has caused this Certificate of Designation to be signed by Barbara S. Brett, its Senior Vice President and Assistant Treasurer, and Jeannine E. Zahn, its Assistant Secretary, this 19th day of November, 2012.

**Wells Fargo & Company**

**By**: /s/ Barbara S. Brett
**Barbara S. Brett, Senior Vice President and Assistant Treasurer**

/s/ Jeannine E. Zahn
Jeannine E. Zahn, Assistant Secretary

[As filed with the Delaware Secretary of State on November 19, 2012.]

WELLS FARGO & COMPANY

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CERTIFICATE OF DESIGNATION
Pursuant to Section 151 of the
General Corporation Law of the State of Delaware

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2013 ESOP CUMULATIVE CONVERTIBLE PREFERRED STOCK
(Without Par Value)

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WELLS FARGO & COMPANY, a corporation organized and existing under the laws of the State of Delaware (the "Company"), HEREBY CERTIFIES that, pursuant to authority conferred upon the Board of Directors of the Company (the "Board") by the provisions of the Restated Certificate of Incorporation of the Company, as amended, which authorize the issuance of not more than 20,000,000 shares of Preferred Stock, without par value (the "Preferred Stock"), and pursuant to authority conferred upon the ESOP Preferred Stock Committee I of the Board (the "ESOP Committee") in accordance with Section 141(c) of the General Corporation Law of the State of Delaware (the "General Corporation Law") and by the resolutions of the Board set forth herein, the following resolutions were duly adopted by the Board at meetings of the Board duly held on January 25, 2000, January 27, 2009, and February 24, 2009, and by the ESOP Committee pursuant to the written consent of the ESOP Committee duly adopted on January 7, 2013, in accordance with Section 141(f) of the General Corporation Law:

1. On January 25, 2000, the Board adopted the following resolution (the "ESOP Board Resolutions") appointing the ESOP Committee and delegating to the ESOP Committee the full powers of the Board, subject to the ESOP Board Resolutions, in all matters relating to issuance of one or more series of Preferred Stock ("ESOP Preferred Stock") to the trustee on behalf of the Company's 401(k) Plan hereinafter referred to:

RESOLVED that a committee of one member of the Board of the Company is hereby appointed by the Board as the ESOP Preferred Stock Committee I (the "First Committee"), which shall have and may exercise the full powers of the Board, subject to these resolutions, to issue from time to time one or more series of ESOP Preferred Stock, including any shares of Company common stock ($1 2/3 par value) issuable upon conversion of ESOP Preferred Stock, and in connection therewith, to fix the designations, voting powers, preferences, and all other rights, qualifications and restrictions of such ESOP Preferred Stock, to sell such ESOP Preferred Stock to the Plan on such terms and conditions and for such purchase price as the First Committee in its discretion shall approve, and to take any and all actions as the First Committee shall deem necessary or appropriate.

2. On January 27, 2009, the Board adopted the following resolutions (the "January 2009 Resolutions") amending the ESOP Board Resolutions to allow the ESOP Committee to establish the voting rights of any series of ESOP Preferred Stock:

RESOLVED that the resolution set forth in the [ESOP Board Resolutions] under the caption "Voting Rights of ESOP Preferred Stock" is hereby deleted in its entirety.

RESOLVED that the [ESOP Board Resolutions] are hereby further amended to delete "Appendix A – Voting Rights" in its entirety.

3. Pursuant to resolutions adopted on February 24, 2009, the Board designated John G. Stumpf as the sole member of the ESOP Committee, effective April 29, 2009.

4. On January 7, 2013, pursuant to authority conferred upon it by the Board in the ESOP Board Resolutions as amended by the January 2009 Resolutions, the ESOP Committee adopted the following resolution by written consent in accordance with Section 141(f) of the General Corporation Law:

RESOLVED that the issuance of a series of Preferred Stock, without par value, of the Company is hereby authorized and the designation, voting powers, preferences, and relative, participating, optional, and other special rights, and qualifications, limitations and restrictions thereof, in addition to those set forth in the Restated Certificate of Incorporation of the Company, as amended, are hereby fixed as follows:

2013 ESOP CUMULATIVE CONVERTIBLE PREFERRED STOCK

1. Designation and Number of Shares; Restricted Issue.

(a) The designation of the series of Preferred Stock, without par value, provided for herein shall be "2013 ESOP Cumulative Convertible Preferred Stock" (hereinafter referred to as the "2013 ESOP Preferred Stock") and the number of authorized shares constituting the 2013 ESOP Preferred Stock is 1,200,000, based on an offering price for the 2013 ESOP Preferred Stock of $1,090.00 per share. Each share of 2013 ESOP Preferred Stock shall have a stated value of $1,000.00 per share. The number of authorized shares of 2013 ESOP Preferred Stock may be reduced by further resolution duly adopted by the Board or the Securities Committee and by the filing of a certificate pursuant to the provisions of the General Corporation Law of the State of Delaware stating that such reduction has been so authorized, provided, however, that the authorized number of shares of 2013 ESOP Preferred Stock shall not be decreased below the then outstanding number of such shares, and provided further that the number of authorized shares of 2013 ESOP Preferred Stock shall not be increased. All shares of the 2013 ESOP Preferred Stock purchased, redeemed, or converted by the Company shall be retired and canceled and shall be restored to the status of authorized but unissued shares of Preferred Stock, without designation as to series, and may thereafter be issued, but not as shares of 2013 ESOP Preferred Stock.

(b) Shares of 2013 ESOP Preferred Stock shall be issued only to a trustee (the "Trustee") acting on behalf of the Wells Fargo & Company 401(k) Plan, or any successor to such plan (the "Plan"). All references to the holder of shares of 2013 ESOP Preferred Stock shall mean the Trustee or any company with which or into which the Trustee may merge or any successor trustee under the trust agreement with respect to the Plan. In the event of any transfer of record ownership of shares of 2013 ESOP Preferred Stock to any person other than any successor trustee under the Plan, the shares of 2013 ESOP Preferred Stock so transferred, upon such transfer and without any further action by the Company or the holder thereof, shall be automatically converted into shares of the common stock, par value $1-2/3 per share, of the Company (the "Common Stock") on the terms otherwise provided for the conversion of the shares of 2013 ESOP Preferred Stock into shares of Common Stock pursuant to paragraph (a) of Section 4 hereof, and no such transferee shall have any of the voting powers, preferences, and relative, participating, optional or special rights ascribed to shares of 2013 ESOP Preferred Stock hereunder but, rather, only the powers and rights pertaining to the Common Stock into which such shares of 2013 ESOP Preferred Stock shall be so converted. In the event of such a conversion, the transferee of the shares of 2013 ESOP Preferred Stock shall be treated for all purposes as the record holder of the shares of Common Stock into which such shares of 2013 ESOP Preferred Stock have been automatically converted as of the date of such transfer. Shares of 2013 ESOP Preferred Stock may be certificated or uncertificated, at the Company's option. Certificates representing shares of 2013 ESOP Preferred Stock shall bear a legend to reflect the foregoing provisions. In the case of uncertificated 2013 ESOP Preferred Stock, the transfer agent for the 2013 ESOP Preferred Stock shall note the foregoing provisions on each 2013 ESOP Preferred Stock book entry account. The Company may require that, as a condition to transferring record ownership of any uncertificated 2013 ESOP Preferred Stock, the proposed transferee acknowledge in writing that the shares of 2013 ESOP Preferred Stock are subject to the foregoing provisions. Notwithstanding the foregoing provisions of this paragraph (b) of Section 1, shares of 2013 ESOP Preferred Stock (i)(A) shall be converted into shares of Common Stock as provided in paragraph (a) of Section 4 hereof, and (B) may be converted into shares of Common Stock as provided by paragraph (b) of Section 4 hereof and the shares of Common Stock issued upon such conversion may be transferred by the holder thereof as permitted by law and (ii) shall be redeemable by the Company upon the terms and conditions provided in Sections 5 and 6(c) hereof.

2. Voting Rights. No shares of 2013 ESOP Preferred Stock shall have voting rights except such voting rights as may from time to time be required by law and as set forth in this Section 2, as follows:

(a) Whenever, at any time or times, dividends payable on shares of 2013 ESOP Preferred Stock shall be in arrears for such number of dividend periods which shall in the aggregate contain not less than 540 days, the holders of the outstanding shares of 2013 ESOP Preferred Stock shall have the exclusive right, voting together as a class with holders of shares of any one or more series of Voting Parity Stock, as defined in paragraph (e) of this Section 2,whose voting rights are exercisable, to elect two directors of the Company's Board at the Company's next annual meeting of stockholders and at each subsequent annual meeting of stockholders (the "Preferred Stock Directors") by a plurality of the votes cast; provided that the Board of Directors

shall at no time include more than two Preferred Stock Directors (including, for purposes of this limitation, all directors that the holders of any series of Voting Parity Stock are entitled to elect pursuant to like voting rights). At elections for such directors, each holder of the shares of 2013 ESOP Preferred Stock shall be entitled to one vote for each share held (the holders of shares of any series of Voting Parity Stock being entitled to such number of votes, if any, for each share of Preferred Stock held as may be granted to them). Upon the vesting of such right of such holders, the maximum authorized number of members of the Board shall automatically be increased by two and the two vacancies so created shall be filled by vote of the holders of such outstanding shares of 2013 ESOP Preferred Stock (together with the holders of shares of any one or more series of Voting Parity Stock whose voting rights are exercisable) as herein set forth. The right of such holders of such shares of 2013 ESOP Preferred Stock (voting together as a class with the holders of shares of any one or more series of Voting Parity Stock whose voting rights are exercisable) to elect Preferred Stock Directors as aforesaid shall continue until such time as all dividends accumulated on such shares of 2013 ESOP Preferred Stock shall have been paid in full, at which time such right with respect to such shares of 2013 ESOP Preferred Stock shall terminate, except as herein or by law expressly provided, subject to revesting in the event of each and every subsequent default of the character above mentioned.

(b) Upon any termination of the right of the holders of all shares of 2013 ESOP Preferred Stock and Voting Parity Stock entitled to vote for Preferred Stock Directors, the term of office of all Preferred Stock Directors then in office elected by such holders voting as a class shall terminate immediately. Any Preferred Stock Director may be removed at any time without cause by the holders of a majority of the outstanding shares of 2013 ESOP Preferred Stock and Voting Parity Stock, when they have the voting rights described above (voting together as a class). In case any vacancy shall occur among the Preferred Stock Directors, a successor may be elected by a plurality of the votes cast by the holders of 2013 ESOP Preferred Stock and Voting Parity Stock having the voting rights described above, voting together as a class, unless the vacancy has already been filled. The Preferred Stock Directors shall each be entitled to one vote per director on any matter that shall come before the Board of Directors for a vote. Whenever the term of office of the directors elected by such holders voting as a class shall end and the special voting powers vested in such holders as provided in this resolution shall have expired, the number of directors shall be such number as may be provided for in the By-Laws of the Company irrespective of any increase made pursuant to the provisions of this Section 2(b).

(c) In addition to any other vote required by law or the Restated Certificate of Incorporation, so long as any shares of 2013 ESOP Preferred Stock remain outstanding, the vote or consent of the holders of the outstanding shares of 2013 ESOP Preferred Stock and outstanding shares of all series of Voting Parity Stock entitled to vote on the matter, by a vote of at least two-thirds in voting power of all such outstanding shares of 2013 ESOP Preferred Stock and such series of Voting Parity Stock voting together as a class, given in person or by proxy, either in writing or at any special or annual meeting called for the purpose, shall be necessary to permit, effect or validate any one or more of the following whether or not such approval is required by Delaware law:

(i) the authorization, creation or issuance, or any increase in the authorized or issued amount, of any class or series of stock ranking prior to shares of 2013 ESOP Preferred Stock with respect to payment of dividends or the distribution of assets on the Company's voluntary or involuntary liquidation, dissolution or winding up, or

(ii) the amendment, alteration or repeal, whether by merger, consolidation or otherwise, of any of the provisions of the Restated Certificate of Incorporation or of the resolutions set forth in a Certificate of Designation designating shares of 2013 ESOP Preferred Stock and the preferences, powers and relative, participating, optional and other special rights and qualifications, limitations and restrictions thereof which would materially and adversely affect any right, preference, privilege or voting power of the shares of 2013 ESOP Preferred Stock or of the holders thereof; provided, however, that any increase in the amount of authorized Preferred Stock, or the creation and issuance of other series of Preferred Stock, or any increase in the amount of authorized shares of any series of Preferred Stock, in each case ranking on a parity with or junior to the shares of 2013 ESOP Preferred Stock with respect to the payment of dividends and the distribution of assets upon liquidation, dissolution or winding up, shall not be deemed to materially and adversely affect such rights, preferences, privileges or voting powers.

(d) The foregoing voting provisions shall not apply if, at or prior to the time when the act with respect to which such vote would otherwise be required shall be effected, all outstanding shares of 2013 ESOP Preferred Stock shall have been redeemed or sufficient funds shall have been irrevocably deposited in trust to effect such redemption.

(e) As used in this Section 2, "Voting Parity Stock" means any other class or series of stock of the Company now existing or hereafter authorized that ranks on par with the 2013 ESOP Preferred Stock in the payment of dividends (whether such dividends are cumulative or non-cumulative) or in the distribution of assets in the event of any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Company and having similar voting rights as the 2013 ESOP Preferred Stock.

3. Dividends. (a)(i) Holders of shares of 2013 ESOP Preferred Stock will be entitled to receive, when and as declared by the Board or a duly authorized committee thereof, out of assets of the Company legally available for payment, an annual cash dividend of $85.00 (the "Base Dividend") per share, which Base Dividend shall be subject to adjustment from time to time as provided in this Section 3.

(ii) The Base Dividend shall be adjusted, effective on December 1, 2014 and on each December 1 thereafter until December 1, 2021, as follows:

(1) If the Current Market Price (as hereinafter defined) of one share of Common Stock on November 30 (or the next preceding Trading Day (as hereinafter defined) if November 30 is not a Trading Day) of any year listed in the Dividend Adjustment Table below is equal to or greater than the First Target Price but less than the Second Target Price shown opposite that year in such table, then holders of shares of the 2013 ESOP Preferred Stock

will be entitled to receive a cash dividend for the immediately following twelve month period equal to $90.00 per share (the "First Adjusted Dividend").

(2) If the Current Market Price of one share of Common Stock on November 30 (or the next preceding Trading Day if November 30 is not a Trading Day) of any year listed in the Dividend Adjustment Table below is equal to or greater than the Second Target Price shown opposite that year in such table, then holders of shares of 2013 ESOP Preferred Stock will be entitled to receive a cash dividend for the immediately following twelve month period equal to $95.00 per share (the "Second Adjusted Dividend").

(3) If the Current Market Price of one share of Common Stock on November 30 (or next preceding Trading Day if November 30 is not a Trading Day) of any year listed in the Dividend Adjustment Table below is less than the First Target Price shown opposite that year in such table, then the holders of shares of 2013 ESOP Preferred Stock will be entitled to receive a cash dividend for the immediately following twelve month period equal to the Base Dividend.

**Dividend Adjustment Table**

| Closing Price on 11/30 | First Target Price | Second Target Price |
|---|---|---|
| 2014 | $36.562 | $39.174 |
| 2015 | $39.761 | $44.316 |
| 2016 | $43.240 | $50.132 |
| 2017 | $47.023 | $56.712 |
| 2018 | $51.138 | $64.156 |
| 2019 | $55.612 | $72.576 |
| 2020 | $60.479 | $82.102 |
| 2021 | $65.770 | $92.878 |

(4) As an example of the adjustments described in subparagraphs (1) through (3) above, if on November 30, 2014, the Current Market Price of one share of Common Stock is $37.00, then the cash dividend payable for the immediately following twelve month period per share of 2013 ESOP Preferred Stock would equal $90.00, with the first quarterly payment of such $90.00 dividend to be made on March 1, 2015. If on November 30, 2015, the Current Market Price of one share of Common Stock is $45.00, then the cash dividend payable for the immediately following twelve month period per share of 2013 ESOP Preferred Stock would equal $95.00, with the first quarterly payment of such $95.00 dividend to be made on March 1, 2016. If on November 30, 2016, the Current Market Price of one share of Common Stock is $40.00, then the cash dividend payable for the immediately following twelve month period per share of 2013 ESOP Preferred Stock would equal $85.00, with the first quarterly payment of such $85.00 dividend to be made on March 1, 2017.

(5) For purposes of this Section 3, the terms "First Adjusted Dividend" and "Second Adjusted Dividend" are sometimes referred to as an "Adjusted

Dividend;" the term "Current Market Price" shall have the meaning given to it in Section 4(c)(iv); and the term "Trading Day" shall have the meaning given to it in Section 4(c)(vi).

(iii) If one share of Common Stock in any year listed in the Dividend Adjustment Table shall be changed into a different number of shares or a different class of shares by reason of any reclassification, recapitalization, split-up, combination, exchange of shares or readjustment, or if a stock dividend thereon shall be declared with a record date within such period, then the First Target Price and the Second Target Price listed in such table for that year and each subsequent year will be appropriately and proportionately adjusted.

(iv) Dividends payable on shares of the 2013 ESOP Preferred Stock (whether such dividends are equal to the Base Dividend or to an Adjusted Dividend) shall be payable quarterly on March 1, June 1, September 1, and December 1 of each year, commencing March 1, 2013. Dividends on shares of the 2013 ESOP Preferred Stock will be cumulative from the date of initial issuance of such shares of 2013 ESOP Preferred Stock. Dividends will be payable, in arrears, to holders of record as they appear on the stock books of the Company on such record dates, not more than 30 days nor less than 15 days preceding the payment dates thereof, as shall be fixed by the Board or a duly authorized committee thereof. The amount of dividends payable per share for each dividend period shall be computed by dividing by four the Base Dividend or the Adjusted Dividend, whichever is then applicable. The amount of dividends payable for the initial dividend period or any period shorter than a full dividend period shall be calculated on the basis of actual days elapsed in a 360-day year of twelve 30-day months.

(b)(i) No full dividends shall be declared or paid or set apart for payment on any stock of the Company ranking, as to dividends, on a parity with or junior to the 2013 ESOP Preferred Stock for any period unless full cumulative dividends have been or contemporaneously are declared and paid or declared and a sum sufficient for the payment thereof has been set apart for such payment on shares of 2013 ESOP Preferred Stock for all dividend payment periods terminating on or prior to the date of payment of such full cumulative dividends. When dividends are not paid in full, as aforesaid, upon the shares of 2013 ESOP Preferred Stock and any other series of Preferred Stock ranking on a parity as to dividends with 2013 ESOP Preferred Stock, all dividends declared upon shares of 2013 ESOP Preferred Stock and any other series of Preferred Stock ranking on a parity as to dividends with 2013 ESOP Preferred Stock shall be declared pro rata so that the amount of dividends declared per share on 2013 ESOP Preferred Stock and such other series of Preferred Stock shall in all cases bear to each other the same ratio that accrued dividends per share on the shares of 2013 ESOP Preferred Stock and such other series of Preferred Stock bear to each other. Holders of shares of 2013 ESOP Preferred Stock shall not be entitled to any dividend, whether payable in cash, property, or stock, in excess of full cumulative dividends, as herein provided, on 2013 ESOP Preferred Stock. No interest, or sum of money in lieu of interest, shall be payable in respect of any dividend payment or payments on 2013 ESOP Preferred Stock which may be in arrears.

(ii) So long as any shares of 2013 ESOP Preferred Stock are outstanding, no dividend (other than dividends or distributions paid in shares of, or options, warrants, or rights to subscribe for or purchase shares of, Common Stock or any other stock ranking junior to 2013

ESOP Preferred Stock as to dividends or upon liquidation and other than as provided in paragraph (b)(i) of this Section 3) shall be declared or paid or set aside for payment or other distribution declared or made upon Common Stock or any other capital stock of the Company ranking junior to or on a parity with 2013 ESOP Preferred Stock as to dividends or upon liquidation, nor shall any Common Stock or any other capital stock of the Company ranking junior to or on a parity with 2013 ESOP Preferred Stock as to dividends or upon liquidation, dissolution or winding up be redeemed, purchased, or otherwise acquired for any consideration (or any moneys be paid to or made available for a sinking fund for the redemption of any shares of any such stock) by the Company (except by conversion into or exchange for stock of the Company ranking junior to 2013 ESOP Preferred Stock as to dividends or upon liquidation, dissolution or winding up), unless, in each case, the full cumulative dividends on all outstanding shares of 2013 ESOP Preferred Stock shall have been paid or declared and set aside for payment of the then current dividend payment period and all past dividend payment periods.

4. Conversion. Shares of 2013 ESOP Preferred Stock are convertible from time to time hereafter pursuant to the provisions of paragraphs (a) or (b) of this Section 4 into that number of shares of Common Stock determined by dividing the stated value of each share of 2013 ESOP Preferred Stock by the then applicable Conversion Price, (as determined in accordance with the provisions of paragraph (c)(iii) of this Section 4), as follows:

(a) Each share of 2013 ESOP Preferred Stock released from the unallocated reserve of the Plan in accordance with the terms thereof shall be automatically converted, without any further action by the Company or the holder thereof, as of the date such release occurs (the "Release Date"), into fully paid and nonassessable shares of Common Stock at the then applicable Conversion Price for the 2013 ESOP Preferred Stock provided for in paragraph (c) of this Section 4.

(b) Subject to and upon compliance with the provisions of this Section 4, a holder of 2013 ESOP Preferred Stock shall be entitled at any time, prior to the close of business on the date fixed for redemption of such shares pursuant to Sections 5 or 6 hereof, to cause any or all of the shares of 2013 ESOP Preferred Stock held by such holder to be converted into fully paid and nonassessable shares of Common Stock at the then applicable Conversion Price for 2013 ESOP Preferred Stock provided for in paragraph (c) of this Section 4.

(c) For purposes of these resolutions, the following terms shall have the meanings set forth below:

(i) The "Average Current Market Price" per share of Common Stock on any date shall be deemed to be the average of the Current Market Price for one share of Common Stock for the twenty (20) consecutive Trading Days ending on the Trading Day occurring prior to the date the "Purchase Offer" is made (as that term is defined in Section 6(d) hereof).

(ii) A "Business Day" means each day that is not a Saturday, Sunday, or a day on which state or federally chartered banking institutions in the State of New York are not required to be open.

(iii) (A) For purposes of a mandatory conversion of shares of 2013 ESOP Preferred Stock into shares of Common Stock pursuant to the provisions of paragraph (a) of this Section 4, the "Conversion Price" for such shares of 2013 ESOP Preferred Stock shall be the Current Market Price of one share of Common Stock on the relevant Release Date.

(B) For purposes of an optional conversion of shares of 2013 ESOP Preferred Stock into shares of Common Stock pursuant to the provisions of paragraph (b) of this Section 4, the "Conversion Price" for such shares of 2013 ESOP Preferred Stock shall be the Current Market Price of one share of Common Stock on the date the Conversion Notice (as that term is defined in paragraph (d) of this Section 4) is received by the Company, by the transfer agent for the 2013 ESOP Preferred Stock or by any agent for conversion of the 2013 ESOP Preferred Stock designated as such pursuant to paragraph (d) of this Section 4.

(C) For purposes of a conversion of shares of 2013 ESOP Preferred Stock into shares of Common Stock in connection with a "Purchase Offer" (as defined in Section 6(d) hereof), the "Conversion Price" for such shares of 2013 ESOP Preferred Stock shall be the Average Current Market Price of one share of Common Stock.

Each share of 2013 ESOP Preferred Stock shall be valued at its stated value of $1,000.00 for purposes of computing, based on the applicable Conversion Price, the number of shares of Common Stock into which the shares of 2013 ESOP Preferred Stock will be converted.

(iv) The "Current Market Price" of publicly traded shares of Common Stock or any other class of capital stock or other security of the Company or any other issuer for any day shall mean the reported last sale price, regular way, or, in case no sale takes place on such day, the average of the reported closing bid and asked prices, regular way, in either case as reported on the New York Stock Exchange only or, if the Common Stock is not listed or admitted to trading on the New York Stock Exchange, on the principal national securities exchange on which the Common Stock is listed or admitted to trading or, if not listed or admitted to trading on any national securities exchange, on the National Market System of the National Association of Securities Dealers, Inc. Automated Quotations System ("NASDAQ") or, if the Common Stock is not quoted on such National Market System, the average of the closing bid and asked prices on such day in the over-the-counter market as reported by NASDAQ or, if bid and asked prices for the Common Stock on each such day shall not have been reported through NASDAQ, the average of the bid and asked prices for such day as furnished by any New York Stock Exchange member firm regularly making a market in the Common Stock selected for such purpose by the Board or a committee thereof or, if no such quotations are available, the fair market value of the Common Stock as determined by a New York Stock Exchange member firm regularly making a market in the Common Stock selected for such purpose by the Board or a committee thereof.

(v) "Common Stock" shall mean the Common Stock of the Company as the same exists at the date of this Certificate of Designation or as such stock may be constituted from time to time.

(vi) "Trading Day" with respect to Common Stock means (x) if the Common Stock is listed or admitted for trading on the New York Stock Exchange or another national securities exchange, a day on which the New York Stock Exchange or such other national securities exchange is open for business or (y) if the Common Stock is quoted on the National Market System of NASDAQ, a day on which trades may be made on such National Market System or (z) otherwise, any Business Day.

(d) In connection with any conversion of 2013 ESOP Preferred Stock pursuant to this Section 4, a written notice of conversion (the "Conversion Notice") shall be delivered to the Company at its principal executive office or the offices of the transfer agent for the 2013 ESOP Preferred Stock or such office or offices in the continental United States of an agent for conversion as may from time to time be designated by notice to the holders of the 2013 ESOP Preferred Stock by the Company or the transfer agent for the 2013 ESOP Preferred Stock, which Conversion Notice shall be accompanied by (a) in the case of certificated 2013 ESOP Preferred Stock, the certificate or certificates representing the shares of 2013 ESOP Preferred Stock being converted pursuant to this Section 4, duly assigned or endorsed for transfer to the Company (or accompanied by duly executed stock powers relating thereto) and (b) in the case of uncertificated 2013 ESOP Preferred Stock, duly executed assignment and transfer documents for the shares of 2013 ESOP Preferred Stock being converted pursuant to this Section 4. Each Conversion Notice shall specify (i)(y) in the case of a mandatory conversion pursuant to paragraph (a) of this Section 4, the number of shares of 2013 ESOP Preferred Stock released from the unallocated reserve of the Plan on the Release Date or (z) in the case of an optional conversion pursuant to paragraph (b) of this Section 4, the number of shares of 2013 ESOP Preferred Stock being converted, and (ii) in connection with any conversion hereunder, (x) the name or names in which such holder wishes the certificate or certificates for Common Stock and, in the case of certificated 2013 ESOP Preferred Stock, for any shares of 2013 ESOP Preferred Stock not to be so converted to be issued, (y) the address to which such holder wishes delivery to be made of such new certificates to be issued upon such conversion, and (z) such other information as the Company or its agents may reasonably request.

(e) Upon delivery to the Company or the transfer agent for the 2013 ESOP Preferred Stock of the Conversion Notice and all other documentation and certificates required to effect the conversion, as provided in paragraph (d) of this Section 4, the Company shall issue and send by hand delivery, by courier or by first-class mail (postage prepaid) to the holder thereof or to such holder's designee, at the address designated by such holder, a certificate or certificates for the number of shares of Common Stock to which such holder shall be entitled upon conversion. If there shall have been surrendered a certificate or certificates representing shares of 2013 ESOP Preferred Stock only part of which are to be converted, the Company shall issue and deliver to such holder or such holder's designee, in the manner set forth in the preceding sentence, a new certificate or certificates representing the number of shares of 2013 ESOP Preferred Stock which shall not have been converted.

(f) The issuance by the Company of shares of Common Stock upon a conversion of shares of 2013 ESOP Preferred Stock into shares of Common Stock made pursuant to this Section 4 shall be effective (i) in the case of a mandatory conversion of shares of 2013 ESOP

Preferred Stock pursuant to paragraph (a) of this Section 4, as of the Release Date; and (ii) in the case of an optional conversion of such shares pursuant to paragraph (b) of this Section 4, as of the earlier of (A) the delivery to such holder or such holder's designee of the certificates representing the shares of Common Stock issued upon conversion thereof or (B) the commencement of business on the second Business Day after the delivery to the Company or the transfer agent for the 2013 ESOP Preferred Stock of the Conversion Notice and all other documentation and certificates required to effect the conversion, as provided in paragraph (d) of this Section 4. On and after the effective date of a conversion, the person or persons entitled to receive the Common Stock issuable upon such conversion shall be treated for all purposes as the record holder or holders of such shares of Common Stock, but no allowance or adjustment shall be made in respect of dividends payable to holders of Common Stock in respect of any period prior to such effective date. The Company shall not be obligated to pay any dividends which shall have accrued or have been declared and shall be payable to holders of shares of 2013 ESOP Preferred Stock if the date on which such dividends are paid is on or after the effective date of conversion of such shares.

(g) The Company shall not be obligated to deliver to holders of 2013 ESOP Preferred Stock any fractional share or shares of Common Stock issuable upon any conversion of such shares of 2013 ESOP Preferred Stock, but in lieu thereof may make a cash payment in respect thereof in any manner permitted by law.

(h) The Company shall at all times reserve and keep available out of its authorized and unissued Common Stock, solely for issuance upon the conversion of shares of 2013 ESOP Preferred Stock as herein provided, free from any preemptive rights, such number of shares of Common Stock as shall from time to time be issuable upon the conversion of all the shares of 2013 ESOP Preferred Stock then outstanding.

(i) The Company will use its best efforts to cause the listing of the shares of Common Stock required to be delivered upon conversion of the 2013 ESOP Preferred Stock prior to distribution to Plan participants on the national securities exchange, if any, upon which the outstanding Common Stock is listed at the time of such delivery.

(j) The Company will pay any and all documentary stamp or similar issue or transfer taxes payable in respect of the issue or delivery of shares of Common Stock on conversions of the 2013 ESOP Preferred Stock pursuant hereto; provided, however, that the Company shall not be required to pay any tax which may be payable in respect of any transfer involved in the issue or delivery of shares of Common Stock in a name other than that of the holder of the 2013 ESOP Preferred Stock to be converted and no such issue or delivery shall be made unless and until the person requesting such issue or delivery has paid to the Company the amount of any such tax or has established, to the satisfaction of the Company, that such tax has been paid.

5. Redemption At the Option of the Company. (a) The 2013 ESOP Preferred Stock shall be redeemable out of assets legally available therefor, in whole or in part, at the option of the Company at any time, at a redemption price per share of 2013 ESOP Preferred

Stock equal to the higher of (x) $1,000.00 per share, plus an amount equal to all accrued and unpaid dividends thereon to the date fixed for redemption, and (y) the Fair Market Value (as that term is defined in paragraph (d) of this Section 5) per share of 2013 ESOP Preferred Stock on the date fixed for redemption. Payment of the redemption price shall be made by the Company in cash or shares of Common Stock, or a combination thereof, as permitted by paragraph (c) of this Section 5. From and after the date fixed for redemption, dividends on shares of 2013 ESOP Preferred Stock called for redemption will cease to accrue and all rights in respect of such shares of the Company shall cease, except the right to receive the redemption price. Upon payment of the redemption price, such shares shall be deemed to have been transferred to the Company, to be retired as provided in paragraph (a) of Section 1. If the full cumulative dividends have not been paid, or contemporaneously declared and set aside for payment, on all outstanding shares of 2013 ESOP Preferred Stock, the Company may not redeem fewer than all the outstanding shares of 2013 ESOP Preferred Stock pursuant to this Section 5.

(b) Unless otherwise required by law, notice of any redemption pursuant to this Section 5 will be sent to the holders of 2013 ESOP Preferred Stock at the address shown on the books of the Company or any transfer agent for the 2013 ESOP Preferred Stock by hand delivery, by courier, by standard form of telecommunication or by first-class mail (postage prepaid) delivered, sent or mailed, as the case may be, not less than twenty (20) days nor more than sixty (60) days prior to the redemption date. Each such notice shall state: (i) the redemption date; (ii) the total number of shares of the 2013 ESOP Preferred Stock to be redeemed and, if fewer than all the shares held by such holder are to be redeemed, the number of such shares to be redeemed from such holder; (iii) the redemption price; (iv) whether the redemption price shall be paid in cash or in shares of Common Stock, or in a combination of such Common Stock and cash; (v) in the case of certificated 2013 ESOP Preferred Stock the place or places where certificates for such shares are to be surrendered for payment of the redemption price; (vi) that dividends on the shares to be redeemed will cease to accrue on such redemption date; and (vii) the conversion rights of the shares to be redeemed, the period within which conversion rights may be exercised and the manner in which the number of shares of Common Stock issuable upon conversion of a share of 2013 ESOP Preferred Stock will be determined. The Company shall redeem shares so called for redemption and not previously converted at the date fixed for redemption and at the redemption price set forth in this Section 5, provided that, in the case of certificated 2013 ESOP Preferred Stock, the Company shall not be obligated to pay the redemption price until the certificates for the shares to be redeemed are surrendered (properly endorsed or assigned for transfer, if the Board of Directors of the Company shall so require and the notice shall so state).

(c) The Company, at its option, may make payment of the redemption price required upon redemption of shares of 2013 ESOP Preferred Stock in cash or in shares of Common Stock, or in a combination of such Common Stock and cash, any such shares of Common Stock to be valued for such purposes at their Fair Market Value (as defined in paragraph (d)(ii) of this Section 5) or their Current Market Price, in either case as of the date fixed for redemption of the 2013 ESOP Preferred Stock, whichever value will result in the issuance of the greater number of shares of Common Stock to the holder of the 2013 ESOP Preferred Stock then being redeemed.

(d) For purposes of these resolutions, the following terms shall have the meanings set forth below:

(i) "Adjustment Period" shall mean the period of five (5) consecutive Trading Days preceding the date as of which the Fair Market Value of a security is to be determined.

(ii) "Fair Market Value" shall mean, as to shares of Common Stock or any other class of capital stock or securities of the Company or any other issue which are publicly traded, the average of the Current Market Prices of such shares or securities for each day of the Adjustment Period. The "Fair Market Value" of any security which is not publicly traded (other than the 2013 ESOP Preferred Stock) or of any other property shall mean the fair value thereof on the date as of which the Fair Market Value of the security is to be determined, as determined by an independent investment banking or appraisal firm experienced in the valuation of such securities or property selected in good faith by the Board or a committee thereof. The "Fair Market Value" of the 2013 ESOP Preferred Stock for purposes of paragraph (a) of Section 5, and for purposes of paragraph (c) of Section 6 shall mean the fair market value thereof determined by an independent appraiser, appointed by the Trustee of the Plan in accordance with the provisions of the Plan, as of the date fixed for redemption of the 2013 ESOP Preferred Stock (in the case of a redemption pursuant to Section 5) or as of the date specified in paragraph (c) of Section 6 (in the case of a redemption under that section). For purposes of determining the Fair Market Value of the 2013 ESOP Preferred Stock, the independent appraiser shall assume (i) that all dividends on the 2013 ESOP Preferred Stock would have been paid when due, and (ii) that the mandatory conversion of shares of 2013 ESOP Preferred Stock held by the Plan into shares of Common Stock pursuant to Section 4(a) hereof would have occurred when and as payments of principal (together with accrued interest thereon) would have been made by the Trustee of the Plan in accordance with the terms of that certain 2013 ESOP Cumulative Convertible Preferred Stock Note Agreement dated on or about January 10, 2013 between the Company and the Plan (including any amendments or modifications thereto).

6. Consolidation, Merger, etc. (a) If the Company consummates any consolidation or merger or similar business combination, pursuant to which the outstanding shares of Common Stock are by operation of law exchanged solely for or changed, reclassified or converted solely into stock of any successor or resulting corporation (including the Company) that constitutes "qualifying employer securities" with respect to a holder of 2013 ESOP Preferred Stock within the meaning of Section 409(1) of the Internal Revenue Code of 1986, as amended, and Section 407(d)(5) of the Employee Retirement Income Security Act of 1974, as amended, or any successor provisions of law, and, if applicable, for a cash payment in lieu of fractional shares, if any, the shares of 2013 ESOP Preferred Stock of such holder shall, in connection with such consolidation, merger or similar business combination, be assumed by and shall become Preferred Stock of such successor or resulting corporation, having in respect of such corporation, insofar as possible, the same powers, preferences and relative, participating, optional or other special rights (including the redemption rights provided by Sections 5 and 6 hereof), and the

qualifications, limitations or restrictions thereon, that the 2013 ESOP Preferred Stock had immediately prior to such transaction, subject to the following:

(1) After such transaction each share of the 2013 ESOP Preferred Stock shall be convertible, otherwise on the terms and conditions provided by Section 4 hereof, into the number and kind of qualifying employer securities so receivable by a holder of the number of shares of Common Stock into which such shares of 2013 ESOP Preferred Stock could have been converted immediately prior to such transaction.

(2) The Company shall not consummate any such merger, consolidation or similar transaction unless all then outstanding shares of 2013 ESOP Preferred Stock shall be assumed and authorized by the successor or resulting corporation as aforesaid.

(b) If the Company consummates any consolidation or merger or similar business combination, pursuant to which the outstanding shares of Common Stock are by operation of law exchanged for or changed, reclassified or converted into other stock or securities or cash or any other property, or any combination thereof, other than any such consideration which is constituted solely of qualifying employer securities (as referred to in paragraph (a) of this Section 6) and cash payments, if applicable, in lieu of fractional shares, outstanding shares of 2013 ESOP Preferred Stock shall, without any action on the part of the Company or any holder thereof (but subject to paragraph (c) of this Section 6), be automatically converted by virtue of such merger, consolidation or similar transaction immediately prior to such consummation into the number of shares of Common Stock into which such shares of 2013 ESOP Preferred Stock could have been converted at such time so that each share of 2013 ESOP Preferred Stock shall, by virtue of such transaction and on the same terms as apply to the holders of Common Stock, be converted into or exchanged for the aggregate amount of stock, securities, cash or other property (payable in like kind) receivable by a holder of the number of shares of Common Stock into which such shares of 2013 ESOP Preferred Stock could have been converted immediately prior to such transaction. However, if by virtue of the structure of such transaction, a holder of Common Stock is required to make an election with respect to the nature and kind of consideration to be received in such transaction, which election cannot practicably be made by the holders of the 2013 ESOP Preferred Stock, then the shares of 2013 ESOP Preferred Stock shall, by virtue of such transaction and on the same terms as apply to the holders of Common Stock, be converted into or exchanged for the aggregate amount of stock, securities, cash or other property (payable in kind) receivable by a holder of the number of shares of Common Stock into which such shares of 2013 ESOP Preferred Stock could have been converted immediately prior to such transaction if such holder of Common Stock failed to exercise any rights of election as to the kind or amount of stock, securities, cash or other property receivable upon such transaction. If the kind or amount of stock, securities, cash or other property receivable upon such transaction is not the same for each non-electing share, then the kind and amount of stock, securities, cash or other property receivable upon such transaction for each non-electing share shall be the kind and amount so receivable per share by a plurality of the non-electing shares.

(c) In the event the Company shall enter into any agreement providing for any consolidation or merger or similar business combination described in paragraph (b) of this

Section 6 (a "Business Combination"), then the Company shall as soon as practicable thereafter (and in any event at least fifteen (15) Business Days before consummation of such transaction) give notice of such agreement and the material terms thereof to each holder of 2013 ESOP Preferred Stock and each such holder shall have the right to elect, by written notice to the Company, to receive, upon consummation of such transaction (if and when such transaction is consummated), from the Company or the successor of the Company, in redemption and retirement of such 2013 ESOP Preferred Stock, a cash payment per share of 2013 ESOP Preferred Stock equal to the higher of (x) $1,000.00, plus accrued and unpaid dividends thereon to the date of consummation of such transaction or (y) the Fair Market Value per share of 2013 ESOP Preferred Stock, as of the last Business Day (as defined in paragraph (c) of Section 4 hereof) immediately preceding the date the Business Combination is consummated. No such notice of redemption shall be effective unless given to the Company prior to the close of business on the last Business Day prior to consummation of such transaction, unless the Company or the successor of the Company shall waive such prior notice, but any notice of redemption so given prior to such time may be withdrawn by notice of withdrawal given to the Company prior to the close of business on the last Business Day prior to consummation of such transaction.

(d) In the event that a Purchase Offer (as defined below) shall have been made and shall be continuing, each holder of 2013 ESOP Preferred Stock shall have the right to convert shares of 2013 ESOP Preferred Stock into shares of Common Stock at the Conversion Price specified in Section 4(c)(iii)(C) hereof until the date the Purchase Offer is terminated, including without limitation because the original Purchase Offer is withdrawn or because the Purchase Offer has expired and is not renewed, upon notice of such conversion given to the Company not later than the close of business on the date the Purchase Offer terminates (the "Purchase Offer Conversion Period"), unless the Company or any successor of the Company shall waive such prior notice, but any notice of conversion so given may be withdrawn by notice of withdrawal given to the Company prior to the end of the Purchase Offer Conversion Period.

For purposes of this paragraph (d), the following terms shall have the meanings set forth below:

(i) "Beneficial Ownership" shall have the meaning ascribed to it in Rule 13d-3 under the Securities Exchange Act of 1934 (the "Exchange Act") and "person" shall have the meanings specified in Sections 3(a)(9) and 13(d)(3) of the Exchange Act.

(ii) A "Purchase Offer" shall have been made when any person (other than the Company or any affiliate of the Company) shall have "commenced" (as such term is defined in Rule 14d-2 under the Exchange Act) a tender offer or exchange offer to purchase shares of Common Stock, such that, upon consummation of such offer, such person would have Beneficial Ownership (as defined herein) or the right to acquire Beneficial Ownership, of twenty percent (20%) or more of the voting power of the Company.

7. Liquidation Rights. (a) Upon the dissolution, liquidation, or winding up of the Company, the holders of the shares of 2013 ESOP Preferred Stock shall be entitled to receive and to be paid out of the assets of the Company available for distribution to its stockholders, before

any payment or distribution shall be made on or set aside for the Common Stock or any other class of stock ranking junior to 2013 ESOP Preferred Stock and subject to the rights of the holders of the shares of any series or class or classes of stock ranking on parity with or senior to the 2013 ESOP Preferred Stock, the amount of $1,000.00 per share, plus a sum equal to all dividends (whether or not earned or declared) on such shares accrued and unpaid thereon to the date of final distribution.

(b) Neither the sale of all or substantially all the property and assets of the Company, nor the merger, consolidation or other business combination of the Company into or with any other corporation, nor the merger, consolidation or other business combination of any other corporation into or with the Company shall be deemed to be a dissolution, liquidation, or winding up, voluntary or involuntary, for the purposes of this Section 7.

(c) After the payment to the holders of the shares of 2013 ESOP Preferred Stock of the full preferential amounts provided for in this Section 7, the holders of 2013 ESOP Preferred Stock, as such, shall have no right or claim to any of the remaining assets of the Company.

(d) In the event the assets of the Company available for distribution to the holders of shares of 2013 ESOP Preferred Stock upon any dissolution, liquidation, or winding up of the Company, whether voluntary or involuntary, shall be insufficient to pay in full all amounts to which such holders are entitled pursuant to paragraph (a) of this Section 7, no such distribution shall be made on account of any shares of any other series of Preferred Stock or other capital stock of the Company ranking on a parity with the shares of 2013 ESOP Preferred Stock upon such dissolution, liquidation, or winding up unless proportionate distributive amounts shall be paid on account of the shares of 2013 ESOP Preferred Stock, ratably, in proportion to the full distributable amounts for which holders of all such parity shares are respectively entitled upon such dissolution, liquidation, or winding up.

(e) Subject to the rights of the holders of the shares of any series or class or classes of stock ranking on parity with or prior to the shares of 2013 ESOP Preferred Stock upon liquidation, dissolution, or winding up, upon any liquidation, dissolution, or winding up of the Company, after payment shall have been made in full to the holders of the shares of 2013 ESOP Preferred Stock as provided in this Section 7, but not prior thereto, any other series or class or classes of stock ranking junior to the shares of 2013 ESOP Preferred Stock upon liquidation shall, subject to the respective terms and provisions (if any) applying thereto, be entitled to receive any and all assets remaining to be paid or distributed, and the holders of the shares of 2013 ESOP Preferred Stock shall not be entitled to share therein.

8. Ranking. For the purposes of these resolutions, any stock of any series or class or classes of the Company shall be deemed to rank:

(a) prior to the shares of 2013 ESOP Preferred Stock, either as to dividends or upon liquidation, dissolution or winding up, if the holders of such series or class or classes shall be entitled to the receipt of dividends or of amounts distributable upon dissolution, liquidation, or

winding up of the Company, as the case may be, in preference or priority to the holders of shares of 2013 ESOP Preferred Stock;

(b) on a parity with shares of 2013 ESOP Preferred Stock, either as to dividends or upon liquidation, dissolution or winding up, whether or not the dividend rates, dividend payment dates, or redemption or liquidation prices per share, or sinking fund provisions, if any, be different from those of 2013 ESOP Preferred Stock, if the holders of such stock shall be entitled to the receipt of dividends or of amounts distributable upon dissolution, liquidation, or winding up of the Company, as the case may be, in proportion to their respective dividend rates or liquidation prices, without preference or priority, one over the other, as between the holders of such stock and the holders of shares of 2013 ESOP Preferred Stock; and

(c) junior to shares of 2013 ESOP Preferred Stock, either as to dividends or upon liquidation, dissolution or winding up, if such class shall be Common Stock or if the holders of shares of 2013 ESOP Preferred Stock shall be entitled to receipt of dividends or of amounts distributable upon dissolution, liquidation, or winding up of the Company, as the case may be, in preference or priority to the holders of shares of such series or class or classes.

9. Priority of 2013 ESOP Preferred Stock. The shares of 2013 ESOP Preferred Stock will rank on a parity, both as to payment of dividends and the distribution of assets upon liquidation, with the Company's 2004 ESOP Cumulative Convertible Preferred Stock, its 2005 ESOP Cumulative Convertible Preferred Stock, its 2006 ESOP Cumulative Convertible Preferred Stock, its 2007 ESOP Cumulative Convertible Preferred Stock, its 2008 ESOP Cumulative Convertible Preferred Stock, its 2010 ESOP Cumulative Convertible Preferred Stock, its 2011 ESOP Cumulative Convertible Preferred Stock, and its 2012 ESOP Cumulative Convertible Preferred Stock.

IN WITNESS WHEREOF, the Company has caused this Certificate of Designation to be signed by John G. Stumpf, its Chairman, President and Chief Executive Officer, and attested by Jeannine E. Zahn, its Assistant Secretary, on this 9th day of January, 2013.

WELLS FARGO & COMPANY

By /s/ John G. Stumpf
John G. Stumpf
Chairman, President and
Chief Executive Officer

Attest:

/s/ Jeannine E. Zahn
Jeannine E. Zahn
Assistant Secretary

[As filed with the Delaware Secretary of State on January 9, 2013.]

**WELLS FARGO & COMPANY**

**CERTIFICATE OF DESIGNATION**

Pursuant to Section 151(g) of the
General Corporation Law
of the State of Delaware

**NON-CUMULATIVE PERPETUAL CLASS A PREFERRED STOCK, SERIES P**
**(Without Par Value)**

WELLS FARGO & COMPANY, a corporation organized and existing under the laws of the State of Delaware (the "*Corporation*"), HEREBY CERTIFIES that, pursuant to authority conferred upon the Board of Directors of the Corporation (the "*Board of Directors*") by the provisions of the Restated Certificate of Incorporation of the Corporation, as amended, which authorize the issuance of not more than 20,000,000 shares of Preferred Stock, without par value, and pursuant to authority conferred upon the Securities Committee of the Board of Directors (the "*Committee*") in accordance with Section 141(c) of the General Corporation Law of the State of Delaware (the "*General Corporation Law*"), the following resolutions were duly adopted by the Committee pursuant to the unanimous written consent of the Committee duly adopted on March 19, 2013, in accordance with Section 141(f) of the General Corporation Law:

**Resolved,** that pursuant to the authority vested in the Committee and in accordance with the resolutions of the Board of Directors dated January 27, 2009, the provisions of the Restated Certificate of Incorporation, the By-laws of the Corporation, and applicable law, a series of Preferred Stock, no par value, of the Corporation be and hereby is created, and that the designation and number of shares of such series, and the voting and other powers, designations, preferences and relative, participating, optional or other rights, and the qualifications, limitations and restrictions thereof, of the shares of such series, are as follows:

**RIGHTS AND PREFERENCES**

**Section 1. Designation**. The shares of such series of Preferred Stock shall be designated Non-Cumulative Perpetual Class A Preferred Stock, Series P, with no par value and a liquidation preference amount of $25,000 per share (the "*Series P Preferred Stock*"). Each share of Series P Preferred Stock shall be identical in all respects to every other share of Series P Preferred Stock except with respect to the date from which dividends may accrue. Series P Preferred Stock will rank equally with Parity Stock with respect to the payment of dividends and distribution of assets in the event of any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation and will rank senior to Junior Stock with respect to the payment of dividends and/or the distribution of assets in the event of any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation.

**Section 2. Number of Shares**. The number of authorized shares of Series P Preferred Stock shall be 26,400. Such number may from time to time be increased (but not in excess of the total number of authorized shares of Preferred Stock) or decreased (but not below the number of shares of Series P Preferred Stock then outstanding) by further resolution duly adopted by the Board of Directors of the Corporation or any duly authorized committee of the Board of Directors of the Corporation and by the filing of a certificate pursuant to the provisions of the General Corporation Law stating that such increase or decrease, as the case may be, has been so authorized. The Corporation shall have the authority to issue fractional shares of Series P Preferred Stock.

**Section 3. Definitions**. As used herein with respect to Series P Preferred Stock:

"*Business Day*" means any day, other than a Saturday or Sunday, that is neither a legal holiday nor a day on which banking institutions are authorized or required by law or regulation to close in New York, New York.

"*Certificate of Designation*" means this Certificate of Designation relating to the Series P Preferred Stock, as it may be amended from time to time.

*"Common Stock"* means the common stock of the Corporation, par value $1⅔ per share, as the same exists at the date of this Certificate of Designation or as such stock may be constituted from time to time.

"*Depositary Company*" has the meaning set forth in Section 6(d) hereof.

"*Dividend Payment Date*" has the meaning set forth in Section 4(a) hereof.

"*Dividend Period*" has the meaning set forth in Section 4(a) hereof.

"*DTC*" means The Depository Trust Company, together with its successors and assigns.

*"Junior Stock*" means the Common Stock and any other class or series of stock of the Corporation now existing or hereafter authorized over which the Series P Preferred Stock has preference or priority in the payment of dividends or in the distribution of assets on any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation.

"*Liquidation Preference*" has the meaning set forth in Section 5(a) hereof.

"*Nonpayment Event*" shall have the meaning set forth in Section 7(b).

"*Parity Stock*" means any other class or series of stock of the Corporation now existing or hereafter authorized that ranks on par with the Series P Preferred Stock in the payment of dividends (whether such dividends are cumulative or non-cumulative) or in the distribution of assets in the event of any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation.

"*Preference Stock*" means any and all series of preference stock, having no par value, of the Corporation.

"*Preferred Stock*" means any and all series of preferred stock, having no par value, of the Corporation, including the Series P Preferred Stock.

"*Preferred Stock Directors*" shall have the meaning set forth in Section 7(b).

"*Regulatory Capital Treatment Event*" means the Corporation's reasonable determination that as a result of any (i) amendment to, clarification of, or change (including any announced prospective change) in, the laws or regulations of the United States or any political subdivision of or in the United States that is enacted or becomes effective on or after March 15, 2013; (ii) proposed change in those laws or regulations that is announced or becomes effective on or after March 15, 2013; or (iii) official administrative decision or judicial decision or administrative action or other official pronouncement interpreting or applying those laws or regulations that is announced on or after March 15, 2013, there is more than an insubstantial risk that the Corporation will not be entitled to treat the full liquidation preference amount of all shares of Series P Preferred Stock then outstanding as Tier 1 capital (or its equivalent) for purposes of the capital adequacy guidelines or regulations of the appropriate federal banking agency, as then in effect and applicable, for as long as any share of Series P Preferred Stock is outstanding.

"*Series P Preferred Stock*" has the meaning set forth in Section 1 hereof.

"*Voting Parity Stock*" means any Parity Stock having similar voting rights as the Series P Preferred Stock.

**Section 4. Dividends.**

**(a) Rate**. Dividends on the Series P Preferred Stock will not be mandatory. Holders of Series P Preferred Stock shall be entitled to receive, when, as and if declared by the Board of Directors of the Corporation or any duly authorized committee of the Board of Directors of the Corporation, but only out of assets legally available therefor, non-cumulative cash dividends on the liquidation preference amount of $25,000 per share of the Series P Preferred Stock, payable quarterly in arrears on the 15th day of March, June, September and December of each year (commencing on June 15, 2013); provided, however, if any such day is not a Business Day, then payment of any dividend otherwise payable on that date will be made on the next succeeding day that is a Business Day, without any interest or other payment in respect of such delay (each such day on which dividends are payable a "*Dividend Payment Date*"). A "*Dividend Period*" means the period from, and including, a Dividend Payment Date to, but excluding, the next succeeding Dividend Payment Date, except for the initial Dividend Period, which will be the period from, and including, March 22, 2013 to, but excluding, June 15, 2013. Dividends on each share of Series P Preferred Stock will accrue at a rate *per annum* equal to 5.25%. The record date for payment of dividends on the Series P Preferred Stock shall be the last Business Day of the calendar month immediately preceding the month during which the Dividend Payment Date falls

or such other date as determined by the Corporation's Board of Directors. The amount of dividends payable shall be computed on the basis of a 360-day year of twelve 30-day months. Dollar amounts resulting from that calculation will be rounded to the nearest cent, with one-half cent being rounded upward.

**(b) Non-Cumulative Dividends**. Dividends on shares of Series P Preferred Stock shall be non-cumulative. To the extent that any dividends payable on the shares of Series P Preferred Stock on any Dividend Payment Date are not declared prior to such Dividend Payment Date, then such dividends shall not cumulate and shall cease to accrue and be payable, and the Corporation shall have no obligation to pay, and the holders of Series P Preferred Stock shall have no right to receive, dividends accrued for such Dividend Period on the Dividend Payment Date for such Dividend Period or at any time in the future or interest with respect to such dividends, whether or not dividends are declared for any subsequent Dividend Period with respect to Series P Preferred Stock or any other series of authorized Preferred Stock, Preference Stock, or Common Stock of the Corporation.

**(c) Priority of Dividends**. So long as any shares of Series P Preferred Stock remain outstanding,

(1) no dividend shall be declared and paid or set aside for payment and no distribution shall be declared and made or set aside for payment on any Common Stock, and no shares of Common Stock shall be repurchased, redeemed or otherwise acquired for consideration by the Corporation, directly or indirectly, nor shall any monies be paid to or made available for a sinking fund for the redemption of any such Common Stock by the Corporation (other than (i) a dividend payable in Common Stock or (ii) the acquisition of shares of Common Stock in exchange for, or through application of proceeds of the sale of, shares of Common Stock);

(2) no dividend shall be declared and paid or set aside for payment and no distribution shall be declared and made or set aside for payment on any Junior Stock other than Common Stock, and no shares of Junior Stock other than Common Stock shall be repurchased, redeemed or otherwise acquired for consideration by the Corporation, directly or indirectly, nor shall any monies be paid to or made available for a sinking fund for the redemption of any such Junior Stock other than Common Stock by the Corporation (other than (i) a dividend payable solely in shares of Junior Stock, (ii) any dividend in connection with the implementation of a stockholder rights plan, or the redemption or repurchase of any rights under any such plan, (iii) any dividend in the form of stock, warrants, options or other rights where the dividend stock or stock issuable upon exercise of such warrants, options or other rights is the same stock as that on which the dividend is being paid or ranks equally with or junior to such stock, (iv) as a result of a reclassification of Junior Stock other than Common Stock for or into other Junior Stock, (v) the exchange or conversion of one share of Junior Stock other than Common Stock for or into another share of Junior Stock, (vi) through the use of proceeds of a substantially contemporaneous sale of other shares of Junior Stock, (vii) any purchase, redemption or other acquisition of Junior Stock other than Common Stock pursuant to any of the Corporation's or any of its subsidiaries' employee, consultant or director incentive or benefit plans or arrangements (including any employment, severance or consulting arrangements) adopted before

or after March 15, 2013, (viii) any purchase of fractional interests in shares of Junior Stock other than Common Stock pursuant to the conversion or exchange provisions of such Junior Stock other than Common Stock or the securities being converted or exchanged, (ix) the purchase of Junior Stock other than Common Stock by Wells Fargo Securities, LLC, or any other affiliate of the Corporation, in connection with the distribution thereof or (x) the purchase of Junior Stock other than Common Stock by Wells Fargo Securities, LLC, or any other affiliate of the Corporation, in connection with market-making or other secondary market activities in the ordinary course of business); and

(3) no shares of Parity Stock will be repurchased, redeemed or otherwise acquired for consideration by the Corporation otherwise than pursuant to *pro rata* offers to purchase all, or a *pro rata*portion, of the Series P Preferred Stock and such Parity Stock during a Dividend Period (other than (i) as a result of a reclassification of Parity Stock for or into other Parity Stock or Junior Stock, (ii) the exchange or conversion of one share of Parity Stock for or into another share of Parity Stock or Junior Stock, (iii) through the use of proceeds of a substantially contemporaneous sale of other shares of Parity Stock or Junior Stock, (iv) any purchase, redemption or other acquisition of Parity Stock pursuant to any of the Corporation's or any of its subsidiaries' employee, consultant or director incentive or benefit plans or arrangements (including any employment, severance or consulting arrangements) adopted before or after March 15, 2013, (v) any purchase of fractional interests in shares of Parity Stock pursuant to the conversion or exchange provisions of such Parity Stock or the securities being converted or exchanged, (vi) the purchase of Parity Stock by Wells Fargo Securities, LLC, or any other affiliate of the Corporation, in connection with the distribution thereof or (vii) the purchase of Parity Stock by Wells Fargo Securities, LLC, or any other affiliate of the Corporation, in connection with market-making or other secondary market activities in the ordinary course of business), unless, in each case, the full dividends for the then-current Dividend Period on all outstanding shares of the Series P Preferred Stock have been declared and paid or declared and a sum sufficient for the payment of those dividends has been set aside.

Subject to the succeeding sentence, for so long as any shares of Series P Preferred Stock remain outstanding, no dividends shall be declared, paid, or set aside for payment on any Parity Stock for any period unless full dividends on all outstanding shares of Series P Preferred Stock for the then-current Dividend Period have been paid in full or declared and a sum sufficient for the payment thereof set aside. To the extent the Corporation declares dividends on the Series P Preferred Stock and on any Parity Stock but cannot make full payment of those declared dividends, the Corporation will allocate the dividend payments on a proportional basis among the holders of shares of Series P Preferred Stock and the holders of any Parity Stock then outstanding where the terms of such Parity Stock provide similar dividend rights.

Subject to the foregoing, and not otherwise, such dividends (payable in cash, stock or otherwise) as may be determined by the Board of Directors of the Corporation or any duly authorized committee of the board of Directors of the Corporation may be declared and paid on the Common Stock and any other stock that is Parity Stock or Junior Stock, from time to time out of any assets legally available for such payment, and the shares of Series P Preferred Stock shall not be entitled to participate in any such dividends.

**Section 5. Liquidation Rights.**

**(a) Liquidation**. In the event of any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation, holders of Series P Preferred Stock shall be entitled to receive in full out of assets available for distribution to its stockholders before any distribution or payment out of the assets of the Corporation may be made to or set aside for the holders of the Common Stock or any other Junior Stock, and subject to the rights of the holders of Parity Stock or any stock of the Corporation ranking senior to the Series P Preferred Stock as to such distribution, a liquidating distribution in the amount of $25,000 per share, plus an amount equal to any dividends which have been declared but not yet paid, without accumulation of any undeclared dividends, to the date of liquidation (the "*Liquidation Preference*"). The holders of Series P Preferred Stock shall not be entitled to any further payments in the event of any such voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation other than what is expressly provided for in this Section 5.

**(b) Partial Payment**. If the assets of the Corporation are not sufficient to pay in full the Liquidation Preference to all holders of Series P Preferred Stock and all holders of any Parity Stock, the amounts paid to the holders of Series P Preferred Stock and to the holders of all Parity Stock shall be *pro rata* in accordance with the respective aggregate liquidation preference of Series P Preferred Stock and all such Parity Stock.

**(c) Residual Distributions**. If the Liquidation Preference has been paid in full to all holders of Series P Preferred Stock and all other amounts payable upon liquidation, dissolution or winding up of the Corporation have been paid in full to all holders of any Parity Stock, the holders of Common Stock and any other Junior Stock shall be entitled to receive all remaining assets of the Corporation according to their respective rights and preferences.

**(d) Merger, Consolidation and Sale of Assets Not Liquidation**. For purposes of this Section 5, the sale, conveyance, exchange or transfer (for cash, shares of stock, securities or other consideration) of all or substantially all of the property and assets of the Corporation shall not be deemed a voluntary or involuntary dissolution, liquidation or winding up of the affairs of the Corporation, nor shall the merger, consolidation or any other business combination transaction of the Corporation into or with any other corporation or person or the merger, consolidation or any other business combination transaction of any other corporation or person into or with the Corporation be deemed to be a voluntary or involuntary dissolution, liquidation or winding up of the affairs of the Corporation.

**Section 6. Redemption.**

**(a) Optional Redemption**. The Corporation, at the option of its Board of Directors or any duly authorized committee of the Board of Directors of the Corporation, may redeem, subject to the prior approval of the Federal Reserve Board, out of funds legally available therefor, in whole or in part, the shares of Series P Preferred Stock at the time outstanding, at any time on any Dividend Payment Date on or after June 15, 2018, upon notice given as provided in

Section 6(b) below. The redemption price for shares of Series P Preferred Stock shall be $25,000 per share plus an amount equal to any dividends that have been declared but not paid up to the redemption date without accumulation of any undeclared dividends.

Notwithstanding the foregoing, within 90 days of the Corporation's good faith determination that a Regulatory Capital Treatment Event has occurred, the Corporation, at the option of its Board of Directors or any duly authorized committee of the Board of Directors of the Corporation, may, subject to the approval of the appropriate federal banking agency, redeem out of funds legally available therefor, in whole, but not in part, the shares of Series P Preferred Stock at the time outstanding, prior to June 15, 2018, upon notice given as provided in Section 6(b) below. The redemption price for shares of Series P Preferred Stock shall be $25,000 per share plus an amount equal to any dividends that have been declared but not paid, without accumulation of any undeclared dividends.

**(b) Notice of Redemption**. Notice of every redemption of shares of Series P Preferred Stock shall be mailed by first class mail, postage prepaid, addressed to the holders of record of such shares to be redeemed at their respective last addresses appearing on the stock register of the Corporation. Such mailing shall be at least 40 days and not more than 70 days before the date fixed for redemption. Any notice mailed as provided in this Section 6(b) shall be conclusively presumed to have been duly given, whether or not the holder receives such notice, but failure duly to give such notice by mail, or any defect in such notice or in the mailing thereof, to any holder of shares of Series P Preferred Stock designated for redemption shall not affect the validity of the proceedings for the redemption of any other shares of Series P Preferred Stock. Each notice shall state (i) the redemption date; (ii) the number of shares of Series P Preferred Stock to be redeemed and, if fewer than all the shares held by such holder are to be redeemed, if applicable, the number of such shares to be redeemed from such holder; (iii) the redemption price; (iv) the place or places where the certificates for those shares are to be surrendered for payment of the redemption price; and (v) that dividends on the shares to be redeemed will cease to accrue on the redemption date. Notwithstanding the foregoing, if the Series P Preferred Stock is held in book-entry form through DTC, the Corporation may give such notice in any manner permitted by DTC.

**(c) Partial Redemption**. In case of any redemption of only part of the shares of Series P Preferred Stock at the time outstanding, the shares of Series P Preferred Stock to be redeemed shall be selected either *pro rata* from the holders of record of Series P Preferred Stock in proportion to the number of Series P Preferred Stock held by such holders or in such other manner as the Board of Directors of the Corporation or any duly authorized committee of the Board of Directors of the Corporation may determine to be fair and equitable. Subject to the provisions of this Section 6, the Board of Directors of the Corporation or any duly authorized committee of the Board of Directors shall have full power and authority to prescribe the terms and conditions upon which shares of Series P Preferred Stock shall be redeemed from time to time.

**(d) Effectiveness of Redemption**. If notice of redemption has been duly given and if on or before the redemption date specified in the notice all funds necessary for the redemption

have been irrevocably set aside by the Corporation, separate and apart from its other assets, in trust for the *pro rata* benefit of the holders of the shares called for redemption, so as to be and continue to be available therefor, or deposited by the Corporation with a bank or trust company selected by the Board of Directors of the Corporation or any duly authorized committee of the Board of Directors (the "*Depositary Company*") in trust for the *pro rata* benefit of the holders of the shares called for redemption, then, notwithstanding that any certificate for any share so called for redemption has not been surrendered for cancellation, on and after the redemption date all shares so called for redemption shall cease to be outstanding, all dividends with respect to such shares shall cease to accrue after such redemption date, and all rights with respect to such shares shall forthwith on such redemption date cease and terminate, except only the right of the holders thereof to receive the amount payable on such redemption from the Depository Company at any time after the redemption date from the funds so deposited, without interest. The Corporation shall be entitled to receive, from time to time, from the Depositary Company any interest accrued on such funds, and the holders of any shares called for redemption shall have no claim to any such interest. Any funds so deposited and unclaimed at the end of two years from the redemption date shall, to the extent permitted by law, be released or repaid to the Corporation, after which time the holders of the shares so called for redemption shall look only to the Corporation for payment of the redemption price of such shares.

**Section 7. Voting Rights.**

**(a) General.** The holders of Series P Preferred Stock shall not be entitled to vote on any matter except as set forth in paragraph 7(b) below or as required by applicable law.

**(b) Right To Elect Two Directors Upon Nonpayment Events.** Whenever dividends payable on any shares of Series P Preferred Stock or any class or series of Voting Parity Stock have not been declared and paid in an aggregate amount equal to, as to any class or series, at least six quarterly Dividend Periods or their equivalent, whether or not for consecutive Dividend Periods (a "*Nonpayment Event*"), the holders of the outstanding Series P Preferred Stock, voting together as a class with holders of Voting Parity Stock whose voting rights are exercisable, will be entitled to vote for the election of two additional directors of the Corporation's Board of Directors at the Corporation's next annual meeting of stockholders and at each subsequent annual meeting of stockholders (the "*Preferred Stock Directors*") by a plurality of the votes cast; *provided* that the Board of Directors shall at no time include more than two Preferred Stock Directors (including, for purposes of this limitation, all directors that the holders of any series of Voting Parity Stock are entitled to elect pursuant to like voting rights). Upon the vesting of such right of such holders, the maximum authorized number of members of the Board of Directors shall automatically be increased by two and the two vacancies so created shall be filled by vote of the holders of the outstanding Series P Preferred Stock (together with the holders of shares of any one or more other series of Voting Parity Stock). At elections for such directors, each holder of the Series P Preferred Stock shall be entitled to 25 votes for each share held (the holders of shares of any other series of Voting Parity Stock being entitled to such number of votes, if any, for each share of such stock as may be granted to them). The right of the holders of the Series P Preferred Stock (voting together as a class with the holders of shares of any one or more other series of Voting Parity Stock) to elect Preferred Stock Directors shall continue until such time as

the Corporation has paid in full dividends for the equivalent of at least four quarterly Dividend Periods or their equivalent, at which time such right with respect to the Series P Preferred Stock shall terminate, except as provided by law, and subject to revesting in the event of each and every subsequent default of the character described in this Section 7(b).

Upon any termination of the right of the holders of all shares of Series P Preferred Stock and Voting Parity Stock to vote for Preferred Stock Directors, the term of office of all Preferred Stock Directors then in office elected by only those holders voting as a class shall terminate immediately. Any Preferred Stock Director may be removed at any time without cause by the holders of a majority of the outstanding shares of Series P Preferred Stock and Voting Parity Stock, when they have the voting rights described above (voting together as a class). In case any vacancy shall occur among the Preferred Stock Directors, a successor may be elected by a plurality of the votes cast by the holders of Series P Preferred Stock and Voting Parity Stock having the voting rights described above, voting together as a class, unless the vacancy has already been filled. The Preferred Stock Directors shall each be entitled to one vote per director on any matter that shall come before the Board of Directors for a vote. Whenever the term of office of the directors elected by such holders voting as a class shall end and the special voting powers vested in such holders as provided in this Section 7(b) shall have expired, the number of directors shall be such number as may be provided for in the By-Laws irrespective of any increase made pursuant to this Section 7(b).

**(c) Other Voting Rights**. In addition to any other vote required by law or the Restated Certificate of Incorporation, so long as any shares of the Series P Preferred Stock remain outstanding, the vote or consent of the holders of the outstanding shares of Series P Preferred Stock and outstanding shares of all other series of Voting Parity Stock entitled to vote on the matter, by a vote of at least 66 2/3% in voting power of all such outstanding Series P Preferred Stock and such Voting Parity Stock, voting together as a class, given in person or by proxy, either in writing without a meeting or at any meeting called for the purpose, shall be necessary to permit, effect or validate any one or more of the following actions, whether or not such approval is required by Delaware law: (i) the issuance of any class or series of Preferred Stock or Preference Stock ranking senior to the Series P Preferred Stock in the payment of dividends or the distribution of assets in the event of the Corporation's voluntary or involuntary liquidation, dissolution or winding up; (ii) any amendment, alteration or repeal of any provision of the Restated Certificate of Incorporation, including the Certificate of Designation, or the Bylaws that would adversely affect the rights, preferences, privileges or voting powers of the Series P Preferred Stock; (iii) any amendment or alteration of the Restated Certificate of Incorporation, including the Certificate of Designation, or Bylaws to authorize, create, or increase the authorized amount of, any shares of, or any securities convertible into shares of, any class or series of the Corporation's capital stock ranking senior to the Series P Preferred Stock with respect to either the payment of dividends or in the distribution of assets in the event of the Corporation's voluntary or involuntary liquidation, dissolution or winding up; or (iv) any consummation of a reclassification involving the Series P Preferred Stock or a merger or consolidation with another corporation or other entity, except holders of the Series P Preferred Stock will have no right to vote under this section 7(c)(iv) if in each case (a) the shares of Series P Preferred Stock remain outstanding or, in the case of any such merger or consolidation with

respect to which the Corporation is not the surviving or resulting entity, are converted into or exchanged for preference securities of the surviving or resulting entity or its ultimate parent, and (b) such shares of Series P Preferred Stock remaining outstanding or such preference securities, as the case may be, have such rights, preferences, privileges and voting powers, taken as a whole, as are not materially less favorable to the holders thereof than the rights, preferences, privileges and voting powers of the Series P Preferred Stock, taken as a whole; *provided, however*, that any authorization, creation or increase in the authorized amount of or issuance of the Series P Preferred Stock or any Parity Stock or Junior Stock or any securities convertible into any class or series of Parity Stock (whether dividends payable in respect of such Parity Stock are cumulative or non-cumulative) or Junior Stock will be deemed not to adversely affect the rights, preferences, privileges or voting powers of the Series P Preferred Stock, and holders of the Series P Preferred Stock shall have no right to vote thereon.

If any amendment, alteration, repeal, reclassification, merger or consolidation specified in this Section 7(c) would adversely affect one or more but not all series of voting Preferred Stock (including the Series P Preferred Stock), then only those series affected by and entitled to vote on the matter shall vote on the matter together as a class (in lieu of all other series of Preferred Stock).

Each holder of the Series P Preferred Stock will have 25 votes per share on any matter on which holders of the Series P Preferred Stock are entitled to vote, whether separately or together with any other series of stock of the Corporation (the holders of any shares of any other series of stock being entitled to such number of votes, if any, for each share of stock as may be granted to them), pursuant to Delaware law or otherwise, including by written consent.

**(d) Changes after Provision for Redemption**. No vote or consent of the holders of Series P Preferred Stock shall be required pursuant to Section 7(b) or (c) above if, at or prior to the time when any such vote or consent would otherwise be required pursuant to such Section, all outstanding Series P Preferred Stock shall have been redeemed, or notice of redemption has been given and sufficient funds shall have been irrevocably deposited in trust to effect such redemption.

**(e) Procedures for Voting and Consents.** The rules and procedures for calling and conducting any meeting of the holders of Series P Preferred Stock (including, without limitation, the fixing of a record date in connection therewith), the solicitation and use of proxies at such a meeting, the obtaining of written consents and any other aspect or matter with regard to such a meeting or such consents shall be governed by any rules the Board of Directors, in its discretion, may adopt from time to time, which rules and procedures shall conform to the requirements of the Restated Certificate of Incorporation, the Bylaws, applicable law and any national securities exchange or other trading facility in which the Series P Preferred Stock is listed or traded at the time.

**Section 8. Preemption and Conversion**. The holders of Series P Preferred Stock shall not have any rights of preemption or rights to convert such Series P Preferred Stock into shares of any other class of capital stock of the Corporation.

**Section 9. Reacquired Shares**. Shares of Series P Preferred Stock which have been issued and redeemed or otherwise purchased or acquired by the Corporation shall be restored to the status of authorized but unissued shares of Preferred Stock without designation as to series.

**Section 10. No Sinking Fund**. Shares of Series P Preferred Stock are not subject to the operation of a sinking fund.

**Section 11. Additional Classes or Series of Stock**. Notwithstanding anything set forth in the Restated Certificate of Incorporation or this Certificate of Designation to the contrary, the Board of Directors of the Corporation, or any authorized committee of the Board of Directors of the Corporation, (i) without the vote of the holders of the Series P Preferred Stock, may authorize and issue additional shares of Junior Stock and Parity Stock and (ii) with the requisite vote of the holders of the Series P Preferred Stock and Parity Stock entitled to vote thereon, may authorize and issue any additional class or series of Preferred Stock or Preference Stock senior to the Series P Preferred Stock as to the payment of dividends and/or the distribution of assets upon any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation.

**In Witness Whereof, Wells Fargo & Company** has caused this Certificate of Designation to be signed by Barbara S. Brett, its Senior Vice President and Assistant Treasurer, and Jeannine E. Zahn, its Assistant Secretary, this 21st day of March, 2013.

**Wells Fargo & Company**

By: /s/ Barbara S. Brett
Barbara S. Brett, Senior Vice President
and Assistant Treasurer

/s/ Jeannine E. Zahn
Jeannine E. Zahn, Assistant Secretary

[As filed with the Delaware Secretary of State on March 21, 2013.]

**WELLS FARGO & COMPANY**

**CERTIFICATE OF DESIGNATION**

Pursuant to Section 151(g) of the
General Corporation Law
of the State of Delaware

**5.85% FIXED-TO-FLOATING RATE NON-CUMULATIVE PERPETUAL CLASS A PREFERRED STOCK, SERIES Q**
**(Without Par Value)**

WELLS FARGO & COMPANY, a corporation organized and existing under the laws of the State of Delaware (the "*Corporation*"), HEREBY CERTIFIES that, pursuant to authority conferred upon the Board of Directors of the Corporation (the "*Board of Directors*") by the provisions of the Restated Certificate of Incorporation of the Corporation, as amended, which authorize the issuance of not more than 20,000,000 shares of Preferred Stock, without par value, and pursuant to authority conferred upon the Securities Committee of the Board of Directors (the "*Committee*") in accordance with Section 141(c) of the General Corporation Law of the State of Delaware (the "*General Corporation Law*"), the following resolutions were duly adopted by the Committee pursuant to the unanimous written consent of the Committee duly adopted on July 19, 2013, in accordance with Section 141(f) of the General Corporation Law:

**Resolved,** that pursuant to the authority vested in the Committee and in accordance with the resolutions of the Board of Directors dated January 27, 2009, the provisions of the Restated Certificate of Incorporation, the By-laws of the Corporation, and applicable law, a series of Preferred Stock, no par value, of the Corporation be and hereby is created, and that the designation and number of shares of such series, and the voting and other powers, designations, preferences and relative, participating, optional or other rights, and the qualifications, limitations and restrictions thereof, of the shares of such series, are as follows:

**RIGHTS AND PREFERENCES**

**Section 1. Designation**. The shares of such series of Preferred Stock shall be designated 5.85% Fixed-to-Floating Rate Non-Cumulative Perpetual Class A Preferred Stock, Series Q, with no par value and a liquidation preference amount of $25,000 per share (the "*Series Q Preferred Stock*"). Each share of Series Q Preferred Stock shall be identical in all respects to every other share of Series Q Preferred Stock except with respect to the date from which dividends may accrue. Series Q Preferred Stock will rank equally with Parity Stock with respect to the payment of dividends and distribution of assets in the event of any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation and will rank senior to Junior Stock with respect to the payment of dividends and/or the distribution of assets in the event of any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation.

**Section 2. Number of Shares**. The number of authorized shares of Series Q Preferred Stock shall be 69,000. Such number may from time to time be increased (but not in excess of the total number of authorized shares of Preferred Stock) or decreased (but not below the number of shares of Series Q Preferred Stock then outstanding) by further resolution duly adopted by the Board of Directors of the Corporation or any duly authorized committee of the Board of Directors of the Corporation and by the filing of a certificate pursuant to the provisions of the General Corporation Law stating that such increase or decrease, as the case may be, has been so authorized. The Corporation shall have the authority to issue fractional shares of Series Q Preferred Stock.

**Section 3. Definitions**. As used herein with respect to Series Q Preferred Stock:

"*Business Day*" means for dividends payable for the Fixed Rate Period (as defined below) any day, other than a Saturday or Sunday, that is neither a legal holiday nor a day on which banking institutions are authorized or required by law or regulation to close in New York, New York, and for dividends payable for the Floating Rate Period (as defined below), it means any date that would be considered a Business Day during the Fixed Rate Period that is also a London Banking Day (as defined below).

"*Calculation Agent*" means Wells Fargo Bank, N.A. or any other successor appointed by the Corporation, acting as Calculation Agent.

"*Certificate of Designation*" means this Certificate of Designation relating to the Series Q Preferred Stock, as it may be amended from time to time.

*"Common Stock"* means the common stock of the Corporation, par value $1⅔ per share, as the same exists at the date of this Certificate of Designation or as such stock may be constituted from time to time.

"*Depositary Company*" has the meaning set forth in Section 6(d) hereof.

"*Designated LIBOR Page"* means the display on Reuters, or any successor service, on page LIBOR01, or any other page as may replace that page on that service, for the purpose of displaying the London interbank rates for U.S. dollars.

"*Dividend Payment Date*" has the meaning set forth in Section 4(a) hereof.

"*Dividend Period*" has the meaning set forth in Section 4(a) hereof.

"*DTC*" means The Depository Trust Company, together with its successors and assigns.

"*Fixed Rate Period*" has the meaning set forth in Section 4(a) hereof.

"*Floating Rate Period*" has the meaning set forth in Section 4(a) hereof.

*"Junior Stock*" means the Common Stock and any other class or series of stock of the Corporation now existing or hereafter authorized over which the Series Q Preferred Stock has preference or priority in the payment of dividends or in the distribution of assets on any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation.

"*LIBOR Determination Date*" means the second London Banking Day immediately preceding the first day of the relevant Dividend Period.

"*Liquidation Preference*" has the meaning set forth in Section 5(a) hereof.

"*London Banking Day*" means any day on which commercial banks and foreign exchange markets settle payments in London.

"*Nonpayment Event*" shall have the meaning set forth in Section 7(b).

"*Parity Stock*" means any other class or series of stock of the Corporation now existing or hereafter authorized that ranks on par with the Series Q Preferred Stock in the payment of dividends (whether such dividends are cumulative or non-cumulative) or in the distribution of assets in the event of any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation.

"*Preference Stock*" means any and all series of preference stock, having no par value, of the Corporation.

"*Preferred Stock*" means any and all series of preferred stock, having no par value, of the Corporation, including the Series Q Preferred Stock.

"*Preferred Stock Directors*" shall have the meaning set forth in Section 7(b).

"*Regulatory Capital Treatment Event*" means the Corporation's reasonable determination that as a result of any (i) amendment to, clarification of, or change (including any announced prospective change) in, the laws or regulations of the United States or any political subdivision of or in the United States that is enacted or becomes effective on or after July 15, 2013; (ii) proposed change in those laws or regulations that is announced or becomes effective on or after July 15, 2013; or (iii) official administrative decision or judicial decision or administrative action or other official pronouncement interpreting or applying those laws or regulations that is announced on or after July 15, 2013, there is more than an insubstantial risk that the Corporation will not be entitled to treat the full liquidation preference amount of all shares of Series Q Preferred Stock then outstanding as Tier 1 capital (or its equivalent) for purposes of the capital adequacy guidelines or regulations of the appropriate federal banking agency, as then in effect and applicable, for as long as any share of Series Q Preferred Stock is outstanding.

"*Series Q Preferred Stock*" has the meaning set forth in Section 1 hereof.

"*Three-month LIBOR*" means, for any LIBOR Determination Date, the arithmetic mean of the offered rates for deposits in U.S. dollars for a three-month period commencing on the second London Banking Day immediately following that LIBOR Determination Date that appear on the Designated LIBOR Page as of 11:00 a.m., London time, on that LIBOR Determination Date, if at least two offered rates appear on the Designated LIBOR Page, provided that if the specified Designated LIBOR Page by its terms provides only for a single rate, that single rate will be used. If (i) fewer than two offered rates appear or (ii) no rate appears and the Designated LIBOR Page by its terms provides only for a single rate, then the Calculation Agent will request the principal London offices of each of four major banks in the London interbank market, as selected by the Calculation Agent, to provide the Calculation Agent with its offered quotation for deposits in U.S. dollars for a three-month period commencing on the second London Banking Day immediately following that LIBOR Determination Date to prime banks in the London interbank market at approximately 11:00 a.m., London time, on that LIBOR Determination Date and in a principal amount that is representative of a single transaction in U.S. dollars in that market at that time. If at least two quotations are provided, Three-month LIBOR determined on that LIBOR Determination Date will be the arithmetic mean of those quotations. If fewer than two quotations are provided, Three-month LIBOR will be the arithmetic mean of the rates quoted at approximately 11:00 a.m., New York City time, on that LIBOR Determination Date by three major banks in New York City selected by the Calculation Agent for loans in U.S. dollars to leading European banks for a three-month period and in a principal amount that is representative of a single transaction in U.S. dollars in that market at that time. If the banks so selected by the Calculation Agent are not quoting as set forth above, Three-month LIBOR for that LIBOR Determination Date will remain Three-month LIBOR for the immediately preceding Dividend Period or, in the case of the Dividend Period beginning September 15, 2023, 5.85%. All percentages used in or resulting from any calculation of Three-month LIBOR will be rounded, if necessary, to the nearest one hundred-thousandth of a percentages point, with .000005% rounded up to .00001%. The determination of Three-month LIBOR for each relevant Dividend Period by the Calculation Agent will (in the absence of manifest error) be final and binding.

"*Voting Parity Stock*" means any Parity Stock having similar voting rights as the Series Q Preferred Stock.

**Section 4. Dividends.**

**(a) Rate**. Dividends on the Series Q Preferred Stock will not be mandatory. Holders of Series Q Preferred Stock shall be entitled to receive, when, as and if declared by the Board of Directors of the Corporation or any duly authorized committee of the Board of Directors of the Corporation, but only out of assets legally available therefor, non-cumulative cash dividends on the liquidation preference amount of $25,000 per share of the Series Q Preferred Stock, payable quarterly in arrears on the 15th day of March, June, September and December, commencing September 15, 2013. From July 22, 2013 to, but excluding, September 15, 2023 (the "*Fixed Rate Period*"), dividends will accrue at an annual rate of 5.85%, and from, and including, September 15, 2023 (the "*Floating Rate Period*"), dividends will accrue at an annual rate equal to Three-month LIBOR plus 3.09%. Notwithstanding the foregoing, if any date on or prior to September 15, 2023 on which dividends otherwise would be payable is not a Business Day, then

payment of any dividend otherwise payable on that date will be made on the next succeeding day that is a Business Day, without any interest or other payment in respect of such delay, and if any date after September 15, 2023 on which dividends otherwise would be payable is not a Business Day, then payment of any dividend otherwise payable on that date will be made on the next succeeding Business Day unless that day falls in the next calendar month, in which case payment of any dividend otherwise payable on that date will be the immediately preceding Business Day, and dividends will accrue to the actual payment date (each such day on which dividends are payable a "*Dividend Payment Date*"). A "*Dividend Period*" means the period from, and including, a Dividend Payment Date to, but excluding, the next succeeding Dividend Payment Date, except for the initial Dividend Period, which will be the period from, and including, July 22, 2013 to, but excluding, September 15, 2013. The record date for payment of dividends on the Series Q Preferred Stock shall be the last Business Day of the calendar month immediately preceding the month during which the Dividend Payment Date falls or such other date as determined by the Corporation's Board of Directors. The amount of dividends payable for the Fixed Rate Period shall be computed on the basis of a 360-day year of twelve 30-day months. The amount of dividends payable for the Floating Rate Period shall be computed on the basis of a 360-day year and the actual number of days elapsed. Dollar amounts resulting from that calculation will be rounded to the nearest cent, with one-half cent being rounded upward. The Calculation Agent's determination of any dividend rate, and its calculation of the amount of dividends payable for the Floating Rate Period, will be maintained on file at the Calculation Agent's principal offices.

**(b) Non-Cumulative Dividends**. Dividends on shares of Series Q Preferred Stock shall be non-cumulative. To the extent that any dividends payable on the shares of Series Q Preferred Stock on any Dividend Payment Date are not declared prior to such Dividend Payment Date, then such dividends shall not cumulate and shall cease to accrue and be payable, and the Corporation shall have no obligation to pay, and the holders of Series Q Preferred Stock shall have no right to receive, dividends accrued for such Dividend Period on the Dividend Payment Date for such Dividend Period or at any time in the future or interest with respect to such dividends, whether or not dividends are declared for any subsequent Dividend Period with respect to Series Q Preferred Stock or any other series of authorized Preferred Stock, Preference Stock, or Common Stock of the Corporation.

**(c) Priority of Dividends**. So long as any shares of Series Q Preferred Stock remain outstanding,

(1) no dividend shall be declared and paid or set aside for payment and no distribution shall be declared and made or set aside for payment on any Common Stock, and no shares of Common Stock shall be repurchased, redeemed or otherwise acquired for consideration by the Corporation, directly or indirectly, nor shall any monies be paid to or made available for a sinking fund for the redemption of any such Common Stock by the Corporation (other than (i) a dividend payable in Common Stock or (ii) the acquisition of shares of Common Stock in exchange for, or through application of proceeds of the sale of, shares of Common Stock);

(2) no dividend shall be declared and paid or set aside for payment and no distribution shall be declared and made or set aside for payment on any Junior Stock other than Common Stock, and no shares of Junior Stock other than Common Stock shall be repurchased, redeemed or otherwise acquired for consideration by the Corporation, directly or indirectly, nor shall any monies be paid to or made available for a sinking fund for the redemption of any such Junior Stock other than Common Stock by the Corporation (other than (i) a dividend payable solely in shares of Junior Stock, (ii) any dividend in connection with the implementation of a stockholder rights plan, or the redemption or repurchase of any rights under any such plan, (iii) any dividend in the form of stock, warrants, options or other rights where the dividend stock or stock issuable upon exercise of such warrants, options or other rights is the same stock as that on which the dividend is being paid or ranks equally with or junior to such stock, (iv) as a result of a reclassification of Junior Stock other than Common Stock for or into other Junior Stock, (v) the exchange or conversion of one share of Junior Stock other than Common Stock for or into another share of Junior Stock, (vi) through the use of proceeds of a substantially contemporaneous sale of other shares of Junior Stock, (vii) any purchase, redemption or other acquisition of Junior Stock other than Common Stock pursuant to any of the Corporation's or any of its subsidiaries' employee, consultant or director incentive or benefit plans or arrangements (including any employment, severance or consulting arrangements) adopted before or after July 15, 2013, (viii) any purchase of fractional interests in shares of Junior Stock other than Common Stock pursuant to the conversion or exchange provisions of such Junior Stock other than Common Stock or the securities being converted or exchanged, (ix) the purchase of Junior Stock other than Common Stock by Wells Fargo Securities, LLC, or any other affiliate of the Corporation, in connection with the distribution thereof or (x) the purchase of Junior Stock other than Common Stock by Wells Fargo Securities, LLC, or any other affiliate of the Corporation, in connection with market-making or other secondary market activities in the ordinary course of business); and

(3) no shares of Parity Stock will be repurchased, redeemed or otherwise acquired for consideration by the Corporation otherwise than pursuant to *pro rata* offers to purchase all, or a *pro rata*portion, of the Series Q Preferred Stock and such Parity Stock during a Dividend Period (other than (i) as a result of a reclassification of Parity Stock for or into other Parity Stock or Junior Stock, (ii) the exchange or conversion of one share of Parity Stock for or into another share of Parity Stock or Junior Stock, (iii) through the use of proceeds of a substantially contemporaneous sale of other shares of Parity Stock or Junior Stock, (iv) any purchase, redemption or other acquisition of Parity Stock pursuant to any of the Corporation's or any of its subsidiaries' employee, consultant or director incentive or benefit plans or arrangements (including any employment, severance or consulting arrangements) adopted before or after July 15, 2013, (v) any purchase of fractional interests in shares of Parity Stock pursuant to the conversion or exchange provisions of such Parity Stock or the securities being converted or exchanged, (vi) the purchase of Parity Stock by Wells Fargo Securities, LLC, or any other affiliate of the Corporation, in connection with the distribution thereof or (vii) the purchase of Parity Stock by Wells Fargo Securities, LLC, or any other affiliate of the Corporation, in connection with market-making or other secondary market activities in the ordinary course of business), unless, in each case, the full dividends for the then-current Dividend Period on all

outstanding shares of the Series Q Preferred Stock have been declared and paid or declared and a sum sufficient for the payment of those dividends has been set aside.

Subject to the succeeding sentence, for so long as any shares of Series Q Preferred Stock remain outstanding, no dividends shall be declared, paid, or set aside for payment on any Parity Stock for any period unless full dividends on all outstanding shares of Series Q Preferred Stock for the then-current Dividend Period have been paid in full or declared and a sum sufficient for the payment thereof set aside. To the extent the Corporation declares dividends on the Series Q Preferred Stock and on any Parity Stock but cannot make full payment of those declared dividends, the Corporation will allocate the dividend payments on a proportional basis among the holders of shares of Series Q Preferred Stock and the holders of any Parity Stock then outstanding where the terms of such Parity Stock provide similar dividend rights.

Subject to the foregoing, and not otherwise, such dividends (payable in cash, stock or otherwise) as may be determined by the Board of Directors of the Corporation or any duly authorized committee of the Board of Directors of the Corporation may be declared and paid on the Common Stock and any other stock that is Parity Stock or Junior Stock, from time to time out of any assets legally available for such payment, and the shares of Series Q Preferred Stock shall not be entitled to participate in any such dividends.

**Section 5. Liquidation Rights.**

**(a) Liquidation**. In the event of any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation, holders of Series Q Preferred Stock shall be entitled to receive in full out of assets available for distribution to its stockholders before any distribution or payment out of the assets of the Corporation may be made to or set aside for the holders of the Common Stock or any other Junior Stock, and subject to the rights of the holders of Parity Stock or any stock of the Corporation ranking senior to the Series Q Preferred Stock as to such distribution, a liquidating distribution in the amount of $25,000 per share, plus an amount equal to any dividends which have been declared but not yet paid, without accumulation of any undeclared dividends, to the date of liquidation (the "*Liquidation Preference*"). The holders of Series Q Preferred Stock shall not be entitled to any further payments in the event of any such voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation other than what is expressly provided for in this Section 5.

**(b) Partial Payment**. If the assets of the Corporation are not sufficient to pay in full the Liquidation Preference to all holders of Series Q Preferred Stock and all holders of any Parity Stock, the amounts paid to the holders of Series Q Preferred Stock and to the holders of all Parity Stock shall be *pro rata* in accordance with the respective aggregate liquidation preference of Series Q Preferred Stock and all such Parity Stock.

**(c) Residual Distributions**. If the Liquidation Preference has been paid in full to all holders of Series Q Preferred Stock and all other amounts payable upon liquidation, dissolution or winding up of the Corporation have been paid in full to all holders of any Parity Stock, the

holders of Common Stock and any other Junior Stock shall be entitled to receive all remaining assets of the Corporation according to their respective rights and preferences.

**(d) Merger, Consolidation and Sale of Assets Not Liquidation**. For purposes of this Section 5, the sale, conveyance, exchange or transfer (for cash, shares of stock, securities or other consideration) of all or substantially all of the property and assets of the Corporation shall not be deemed a voluntary or involuntary dissolution, liquidation or winding up of the affairs of the Corporation, nor shall the merger, consolidation or any other business combination transaction of the Corporation into or with any other corporation or person or the merger, consolidation or any other business combination transaction of any other corporation or person into or with the Corporation be deemed to be a voluntary or involuntary dissolution, liquidation or winding up of the affairs of the Corporation.

**Section 6. Redemption.**

**(a) Optional Redemption**. The Corporation, at the option of its Board of Directors or any duly authorized committee of the Board of Directors of the Corporation, may redeem, subject to the prior approval of the Federal Reserve Board, out of funds legally available therefor, in whole or in part, the shares of Series Q Preferred Stock at the time outstanding, at any time on any Dividend Payment Date on or after September 15, 2023, upon notice given as provided in Section 6(b) below. The redemption price for shares of Series Q Preferred Stock shall be $25,000 per share plus an amount equal to any dividends that have been declared but not paid up to the redemption date without accumulation of any undeclared dividends.

Notwithstanding the foregoing, within 90 days of the Corporation's good faith determination that a Regulatory Capital Treatment Event has occurred, the Corporation, at the option of its Board of Directors or any duly authorized committee of the Board of Directors of the Corporation, may, subject to the approval of the appropriate federal banking agency, redeem out of funds legally available therefor, in whole, but not in part, the shares of Series Q Preferred Stock at the time outstanding, prior to September 15, 2023, upon notice given as provided in Section 6(b) below. The redemption price for shares of Series Q Preferred Stock shall be $25,000 per share plus an amount equal to any dividends that have been declared but not paid, without accumulation of any undeclared dividends.

**(b) Notice of Redemption**. Notice of every redemption of shares of Series Q Preferred Stock shall be mailed by first class mail, postage prepaid, addressed to the holders of record of such shares to be redeemed at their respective last addresses appearing on the stock register of the Corporation. Such mailing shall be at least 40 days and not more than 70 days before the date fixed for redemption. Any notice mailed as provided in this Section 6(b) shall be conclusively presumed to have been duly given, whether or not the holder receives such notice, but failure duly to give such notice by mail, or any defect in such notice or in the mailing thereof, to any holder of shares of Series Q Preferred Stock designated for redemption shall not affect the validity of the proceedings for the redemption of any other shares of Series Q Preferred Stock. Each notice shall state (i) the redemption date; (ii) the number of shares of Series Q Preferred Stock to be redeemed and, if fewer than all the shares held by such holder are to be redeemed, if

applicable, the number of such shares to be redeemed from such holder; (iii) the redemption price; (iv) the place or places where the certificates for those shares are to be surrendered for payment of the redemption price; and (v) that dividends on the shares to be redeemed will cease to accrue on the redemption date. Notwithstanding the foregoing, if the Series Q Preferred Stock is held in book-entry form through DTC, the Corporation may give such notice in any manner permitted by DTC.

**(c) Partial Redemption**. In case of any redemption of only part of the shares of Series Q Preferred Stock at the time outstanding, the shares of Series Q Preferred Stock to be redeemed shall be selected either *pro rata* from the holders of record of Series Q Preferred Stock in proportion to the number of Series Q Preferred Stock held by such holders or in such other manner as the Board of Directors of the Corporation or any duly authorized committee of the Board of Directors of the Corporation may determine to be fair and equitable. Subject to the provisions of this Section 6, the Board of Directors of the Corporation or any duly authorized committee of the Board of Directors shall have full power and authority to prescribe the terms and conditions upon which shares of Series Q Preferred Stock shall be redeemed from time to time.

**(d) Effectiveness of Redemption**. If notice of redemption has been duly given and if on or before the redemption date specified in the notice all funds necessary for the redemption have been irrevocably set aside by the Corporation, separate and apart from its other assets, in trust for the *pro rata* benefit of the holders of the shares called for redemption, so as to be and continue to be available therefor, or deposited by the Corporation with a bank or trust company selected by the Board of Directors of the Corporation or any duly authorized committee of the Board of Directors (the "*Depositary Company*") in trust for the *pro rata* benefit of the holders of the shares called for redemption, then, notwithstanding that any certificate for any share so called for redemption has not been surrendered for cancellation, on and after the redemption date all shares so called for redemption shall cease to be outstanding, all dividends with respect to such shares shall cease to accrue after such redemption date, and all rights with respect to such shares shall forthwith on such redemption date cease and terminate, except only the right of the holders thereof to receive the amount payable on such redemption from the Depository Company at any time after the redemption date from the funds so deposited, without interest. The Corporation shall be entitled to receive, from time to time, from the Depositary Company any interest accrued on such funds, and the holders of any shares called for redemption shall have no claim to any such interest. Any funds so deposited and unclaimed at the end of two years from the redemption date shall, to the extent permitted by law, be released or repaid to the Corporation, after which time the holders of the shares so called for redemption shall look only to the Corporation for payment of the redemption price of such shares.

**Section 7. Voting Rights.**

**(a) General.** The holders of Series Q Preferred Stock shall not be entitled to vote on any matter except as set forth in paragraph 7(b) below or as required by applicable law.

**(b) Right To Elect Two Directors Upon Nonpayment Events.** Whenever dividends payable on any shares of Series Q Preferred Stock or any class or series of Voting Parity Stock have not been declared and paid in an aggregate amount equal to, as to any class or series, at least six quarterly Dividend Periods or their equivalent, whether or not for consecutive Dividend Periods (a "*Nonpayment Event*"), the holders of the outstanding Series Q Preferred Stock, voting together as a class with holders of Voting Parity Stock whose voting rights are exercisable, will be entitled to vote for the election of two additional directors of the Corporation's Board of Directors at the Corporation's next annual meeting of stockholders and at each subsequent annual meeting of stockholders (the "*Preferred Stock Directors*") by a plurality of the votes cast; *provided* that the Board of Directors shall at no time include more than two Preferred Stock Directors (including, for purposes of this limitation, all directors that the holders of any series of Voting Parity Stock are entitled to elect pursuant to like voting rights). Upon the vesting of such right of such holders, the maximum authorized number of members of the Board of Directors shall automatically be increased by two and the two vacancies so created shall be filled by vote of the holders of the outstanding Series Q Preferred Stock (together with the holders of shares of any one or more other series of Voting Parity Stock). At elections for such directors, each holder of the Series Q Preferred Stock shall be entitled to 25 votes for each share held (the holders of shares of any other series of Voting Parity Stock being entitled to such number of votes, if any, for each share of such stock as may be granted to them). The right of the holders of the Series Q Preferred Stock (voting together as a class with the holders of shares of any one or more other series of Voting Parity Stock) to elect Preferred Stock Directors shall continue until such time as the Corporation has paid in full dividends for the equivalent of at least four quarterly Dividend Periods or their equivalent, at which time such right with respect to the Series Q Preferred Stock shall terminate, except as provided by law, and subject to revesting in the event of each and every subsequent default of the character described in this Section 7(b).

Upon any termination of the right of the holders of all shares of Series Q Preferred Stock and Voting Parity Stock to vote for Preferred Stock Directors, the term of office of all Preferred Stock Directors then in office elected by only those holders voting as a class shall terminate immediately. Any Preferred Stock Director may be removed at any time without cause by the holders of a majority of the outstanding shares of Series Q Preferred Stock and Voting Parity Stock, when they have the voting rights described above (voting together as a class). In case any vacancy shall occur among the Preferred Stock Directors, a successor may be elected by a plurality of the votes cast by the holders of Series Q Preferred Stock and Voting Parity Stock having the voting rights described above, voting together as a class, unless the vacancy has already been filled. The Preferred Stock Directors shall each be entitled to one vote per director on any matter that shall come before the Board of Directors for a vote. Whenever the term of office of the directors elected by such holders voting as a class shall end and the special voting powers vested in such holders as provided in this Section 7(b) shall have expired, the number of directors shall be such number as may be provided for in the By-Laws irrespective of any increase made pursuant to this Section 7(b).

**(c) Other Voting Rights**. In addition to any other vote required by law or the Restated Certificate of Incorporation, so long as any shares of the Series Q Preferred Stock remain outstanding, the vote or consent of the holders of the outstanding shares of Series Q

Preferred Stock and outstanding shares of all other series of Voting Parity Stock entitled to vote on the matter, by a vote of at least 66 2/3% in voting power of all such outstanding Series Q Preferred Stock and such Voting Parity Stock, voting together as a class, given in person or by proxy, either in writing without a meeting or at any meeting called for the purpose, shall be necessary to permit, effect or validate any one or more of the following actions, whether or not such approval is required by Delaware law: (i) the issuance of any class or series of Preferred Stock or Preference Stock ranking senior to the Series Q Preferred Stock in the payment of dividends or the distribution of assets in the event of the Corporation's voluntary or involuntary liquidation, dissolution or winding up; (ii) any amendment, alteration or repeal of any provision of the Restated Certificate of Incorporation, including the Certificate of Designation, or the Bylaws that would adversely affect the rights, preferences, privileges or voting powers of the Series Q Preferred Stock; (iii) any amendment or alteration of the Restated Certificate of Incorporation, including the Certificate of Designation, or Bylaws to authorize, create, or increase the authorized amount of, any shares of, or any securities convertible into shares of, any class or series of the Corporation's capital stock ranking senior to the Series Q Preferred Stock with respect to either the payment of dividends or in the distribution of assets in the event of the Corporation's voluntary or involuntary liquidation, dissolution or winding up; or (iv) any consummation of a reclassification involving the Series Q Preferred Stock or a merger or consolidation with another corporation or other entity, except holders of the Series Q Preferred Stock will have no right to vote under this section 7(c)(iv) if in each case (a) the shares of Series Q Preferred Stock remain outstanding or, in the case of any such merger or consolidation with respect to which the Corporation is not the surviving or resulting entity, are converted into or exchanged for preference securities of the surviving or resulting entity or its ultimate parent, and (b) such shares of Series Q Preferred Stock remaining outstanding or such preference securities, as the case may be, have such rights, preferences, privileges and voting powers, taken as a whole, as are not materially less favorable to the holders thereof than the rights, preferences, privileges and voting powers of the Series Q Preferred Stock, taken as a whole; *provided, however*, that any authorization, creation or increase in the authorized amount of or issuance of the Series Q Preferred Stock or any Parity Stock or Junior Stock or any securities convertible into any class or series of Parity Stock (whether dividends payable in respect of such Parity Stock are cumulative or non-cumulative) or Junior Stock will be deemed not to adversely affect the rights, preferences, privileges or voting powers of the Series Q Preferred Stock, and holders of the Series Q Preferred Stock shall have no right to vote thereon.

If any amendment, alteration, repeal, reclassification, merger or consolidation specified in this Section 7(c) would adversely affect one or more but not all series of voting Preferred Stock (including the Series Q Preferred Stock), then only those series affected by and entitled to vote on the matter shall vote on the matter together as a class (in lieu of all other series of Preferred Stock).

Each holder of the Series Q Preferred Stock will have 25 votes per share on any matter on which holders of the Series Q Preferred Stock are entitled to vote, whether separately or together with any other series of stock of the Corporation (the holders of any shares of any other series of stock being entitled to such number of votes, if any, for each share of stock as may be granted to them), pursuant to Delaware law or otherwise, including by written consent.

**(d) Changes after Provision for Redemption**. No vote or consent of the holders of Series Q Preferred Stock shall be required pursuant to Section 7(b) or (c) above if, at or prior to the time when any such vote or consent would otherwise be required pursuant to such Section, all outstanding Series Q Preferred Stock shall have been redeemed, or notice of redemption has been given and sufficient funds shall have been irrevocably deposited in trust to effect such redemption.

**(e) Procedures for Voting and Consents.** The rules and procedures for calling and conducting any meeting of the holders of Series Q Preferred Stock (including, without limitation, the fixing of a record date in connection therewith), the solicitation and use of proxies at such a meeting, the obtaining of written consents and any other aspect or matter with regard to such a meeting or such consents shall be governed by any rules the Board of Directors, in its discretion, may adopt from time to time, which rules and procedures shall conform to the requirements of the Restated Certificate of Incorporation, the Bylaws, applicable law and any national securities exchange or other trading facility in which the Series Q Preferred Stock is listed or traded at the time.

**Section 8. Preemption and Conversion**. The holders of Series Q Preferred Stock shall not have any rights of preemption or rights to convert such Series Q Preferred Stock into shares of any other class of capital stock of the Corporation.

**Section 9. Reacquired Shares**. Shares of Series Q Preferred Stock which have been issued and redeemed or otherwise purchased or acquired by the Corporation shall be restored to the status of authorized but unissued shares of Preferred Stock without designation as to series.

**Section 10. No Sinking Fund**. Shares of Series Q Preferred Stock are not subject to the operation of a sinking fund.

**Section 11. Additional Classes or Series of Stock**. Notwithstanding anything set forth in the Restated Certificate of Incorporation or this Certificate of Designation to the contrary, the Board of Directors of the Corporation, or any authorized committee of the Board of Directors of the Corporation, (i) without the vote of the holders of the Series Q Preferred Stock, may authorize and issue additional shares of Junior Stock and Parity Stock and (ii) with the requisite vote of the holders of the Series Q Preferred Stock and Parity Stock entitled to vote thereon, may authorize and issue any additional class or series of Preferred Stock or Preference Stock senior to the Series Q Preferred Stock as to the payment of dividends and/or the distribution of assets upon any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation.

**In Witness Whereof, Wells Fargo & Company** has caused this Certificate of Designation to be signed by Barbara S. Brett, its Senior Vice President and Assistant Treasurer, and Jeannine E. Zahn, its Assistant Secretary, this 19th day of July, 2013.

**Wells Fargo & Company**

By: /s/ Barbara S. Brett
Barbara S. Brett, Senior Vice President and Assistant Treasurer

/s/ Jeannine E. Zahn
Jeannine E. Zahn, Assistant Secretary

[As filed with the Delaware Secretary of State on July 19, 2013.]

**WELLS FARGO & COMPANY**

**CERTIFICATE OF DESIGNATION**
Pursuant to Section 151(g) of the
General Corporation Law
of the State of Delaware

**6.625% FIXED-TO-FLOATING RATE NON-CUMULATIVE PERPETUAL CLASS A PREFERRED STOCK, SERIES R**
**(Without Par Value)**

WELLS FARGO & COMPANY, a corporation organized and existing under the laws of the State of Delaware (the "*Corporation*"), HEREBY CERTIFIES that, pursuant to authority conferred upon the Board of Directors of the Corporation (the "*Board of Directors*") by the provisions of the Restated Certificate of Incorporation of the Corporation, as amended, which authorize the issuance of not more than 20,000,000 shares of Preferred Stock, without par value, and pursuant to authority conferred upon the Securities Committee of the Board of Directors (the "*Committee*") in accordance with Section 141(c) of the General Corporation Law of the State of Delaware (the "*General Corporation Law*"), the following resolutions were duly adopted by the Committee pursuant to the unanimous written consent of the Committee duly adopted on December 11, 2013, in accordance with Section 141(f) of the General Corporation Law:

**Resolved,** that pursuant to the authority vested in the Committee and in accordance with the resolutions of the Board of Directors dated January 27, 2009, the provisions of the Restated Certificate of Incorporation, the By-laws of the Corporation, and applicable law, a series of Preferred Stock, no par value, of the Corporation be and hereby is created, and that the designation and number of shares of such series, and the voting and other powers, designations, preferences and relative, participating, optional or other rights, and the qualifications, limitations and restrictions thereof, of the shares of such series, are as follows:

**RIGHTS AND PREFERENCES**

**Section 1. Designation**. The shares of such series of Preferred Stock shall be designated 6.625% Fixed-to-Floating Rate Non-Cumulative Perpetual Class A Preferred Stock, Series R, with no par value and a liquidation preference amount of $25,000 per share (the "*Series R Preferred Stock*"). Each share of Series R Preferred Stock shall be identical in all respects to every other share of Series R Preferred Stock except with respect to the date from which dividends may accrue. Series R Preferred Stock will rank equally with Parity Stock with respect to the payment of dividends and distribution of assets in the event of any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation and will rank senior to Junior Stock with respect to the payment of dividends and/or the distribution of assets in the event of any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation.

**Section 2. Number of Shares**. The number of authorized shares of Series R Preferred Stock shall be 34,500. Such number may from time to time be increased (but not in excess of the total number of authorized shares of Preferred Stock) or decreased (but not below the number of shares of Series R Preferred Stock then outstanding) by further resolution duly adopted by the Board of Directors of the Corporation or any duly authorized committee of the Board of Directors of the Corporation and by the filing of a certificate pursuant to the provisions of the General Corporation Law stating that such increase or decrease, as the case may be, has been so authorized. The Corporation shall have the authority to issue fractional shares of Series R Preferred Stock.

**Section 3. Definitions**. As used herein with respect to Series R Preferred Stock:

"*Business Day*" means for dividends payable for the Fixed Rate Period (as defined below) any day, other than a Saturday or Sunday, that is neither a legal holiday nor a day on which banking institutions are authorized or required by law or regulation to close in New York, New York, and for dividends payable for the Floating Rate Period (as defined below), it means any date that would be considered a Business Day during the Fixed Rate Period that is also a London Banking Day (as defined below).

"*Calculation Agent*" means Wells Fargo Bank, N.A. or any other successor appointed by the Corporation, acting as Calculation Agent.

"*Certificate of Designation*" means this Certificate of Designation relating to the Series R Preferred Stock, as it may be amended from time to time.

*"Common Stock"* means the common stock of the Corporation, par value $1⅔ per share, as the same exists at the date of this Certificate of Designation or as such stock may be constituted from time to time.

"*Depositary Company*" has the meaning set forth in Section 6(d) hereof.

"*Designated LIBOR Page"* means the display on Reuters, or any successor service, on page LIBOR01, or any other page as may replace that page on that service, for the purpose of displaying the London interbank rates for U.S. dollars.

"*Dividend Payment Date*" has the meaning set forth in Section 4(a) hereof.

"*Dividend Period*" has the meaning set forth in Section 4(a) hereof.

"*DTC*" means The Depository Trust Company, together with its successors and assigns.

"*Fixed Rate Period*" has the meaning set forth in Section 4(a) hereof.

"*Floating Rate Period*" has the meaning set forth in Section 4(a) hereof.

*"Junior Stock*" means the Common Stock and any other class or series of stock of the Corporation now existing or hereafter authorized over which the Series R Preferred Stock has preference or priority in the payment of dividends or in the distribution of assets on any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation.

"*LIBOR Determination Date*" means the second London Banking Day immediately preceding the first day of the relevant Dividend Period.

"*Liquidation Preference*" has the meaning set forth in Section 5(a) hereof.

"*London Banking Day*" means any day on which commercial banks and foreign exchange markets settle payments in London.

"*Nonpayment Event*" shall have the meaning set forth in Section 7(b).

"*Parity Stock*" means any other class or series of stock of the Corporation now existing or hereafter authorized that ranks on par with the Series R Preferred Stock in the payment of dividends (whether such dividends are cumulative or non-cumulative) or in the distribution of assets in the event of any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation.

"*Preference Stock*" means any and all series of preference stock, having no par value, of the Corporation.

"*Preferred Stock*" means any and all series of preferred stock, having no par value, of the Corporation, including the Series R Preferred Stock.

"*Preferred Stock Directors*" shall have the meaning set forth in Section 7(b).

"*Regulatory Capital Treatment Event*" means the Corporation's reasonable determination that as a result of any (i) amendment to, clarification of, or change (including any announced prospective change) in, the laws or regulations of the United States or any political subdivision of or in the United States that is enacted or becomes effective on or after December 11, 2013; (ii) proposed change in those laws or regulations that is announced or becomes effective on or after December 11, 2013; or (iii) official administrative decision or judicial decision or administrative action or other official pronouncement interpreting or applying those laws or regulations that is announced on or after December 11, 2013, there is more than an insubstantial risk that the Corporation will not be entitled to treat the full liquidation preference amount of all shares of Series R Preferred Stock then outstanding as Tier 1 capital (or its equivalent) for purposes of the capital adequacy guidelines or regulations of the appropriate federal banking agency, as then in effect and applicable, for as long as any share of Series R Preferred Stock is outstanding.

"*Series R Preferred Stock*" has the meaning set forth in Section 1 hereof.

"*Three-month LIBOR*" means, for any LIBOR Determination Date, the arithmetic mean of the offered rates for deposits in U.S. dollars for a three-month period commencing on the second London Banking Day immediately following that LIBOR Determination Date that appear on the Designated LIBOR Page as of 11:00 a.m., London time, on that LIBOR Determination Date, if at least two offered rates appear on the Designated LIBOR Page, provided that if the specified Designated LIBOR Page by its terms provides only for a single rate, that single rate will be used. If (i) fewer than two offered rates appear or (ii) no rate appears and the Designated LIBOR Page by its terms provides only for a single rate, then the Calculation Agent will request the principal London offices of each of four major banks in the London interbank market, as selected by the Calculation Agent, to provide the Calculation Agent with its offered quotation for deposits in U.S. dollars for a three-month period commencing on the second London Banking Day immediately following that LIBOR Determination Date to prime banks in the London interbank market at approximately 11:00 a.m., London time, on that LIBOR Determination Date and in a principal amount that is representative of a single transaction in U.S. dollars in that market at that time. If at least two quotations are provided, Three-month LIBOR determined on that LIBOR Determination Date will be the arithmetic mean of those quotations. If fewer than two quotations are provided, Three-month LIBOR will be the arithmetic mean of the rates quoted at approximately 11:00 a.m., New York City time, on that LIBOR Determination Date by three major banks in New York City selected by the Calculation Agent for loans in U.S. dollars to leading European banks for a three-month period and in a principal amount that is representative of a single transaction in U.S. dollars in that market at that time. If the banks so selected by the Calculation Agent are not quoting as set forth above, Three-month LIBOR for that LIBOR Determination Date will remain Three-month LIBOR for the immediately preceding Dividend Period or, in the case of the Dividend Period beginning March 15, 2024, 6.625%. All percentages used in or resulting from any calculation of Three-month LIBOR will be rounded, if necessary, to the nearest one hundred-thousandth of a percentages point, with .000005% rounded up to .00001%. The determination of Three-month LIBOR for each relevant Dividend Period by the Calculation Agent will (in the absence of manifest error) be final and binding.

"*Voting Parity Stock*" means any Parity Stock having similar voting rights as the Series R Preferred Stock.

**Section 4. Dividends.**

**(a) Rate**. Dividends on the Series R Preferred Stock will not be mandatory. Holders of Series R Preferred Stock shall be entitled to receive, when, as and if declared by the Board of Directors of the Corporation or any duly authorized committee of the Board of Directors of the Corporation, but only out of assets legally available therefor, non-cumulative cash dividends on the liquidation preference amount of $25,000 per share of the Series R Preferred Stock, payable quarterly in arrears on the 15th day of March, June, September and December, commencing March 15, 2014, From December 18, 2013 to, but excluding, March 15, 2024 (the "*Fixed Rate Period*"), dividends will accrue at an annual rate of 6.625%, and from, and including, March 15, 2024 (the "*Floating Rate Period*"), dividends will accrue at an annual rate equal to Three-month LIBOR plus 3.69%. Notwithstanding the foregoing, if any date on or prior to March 15, 2024 on which dividends otherwise would be payable is not a Business Day, then payment of any

dividend otherwise payable on that date will be made on the next succeeding day that is a Business Day, without any interest or other payment in respect of such delay, and if any date after March 15, 2024 on which dividends otherwise would be payable is not a Business Day, then payment of any dividend otherwise payable on that date will be made on the next succeeding Business Day unless that day falls in the next calendar month, in which case payment of any dividend otherwise payable on that date will be the immediately preceding Business Day, and dividends will accrue to the actual payment date (each such day on which dividends are payable a "*Dividend Payment Date*"). A "*Dividend Period*" means the period from, and including, a Dividend Payment Date to, but excluding, the next succeeding Dividend Payment Date, except for the initial Dividend Period, which will be the period from, and including, December 18, 2013 to, but excluding, March 15, 2014. The record date for payment of dividends on the Series R Preferred Stock shall be the last Business Day of the calendar month immediately preceding the month during which the Dividend Payment Date falls or such other date as determined by the Corporation's Board of Directors. The amount of dividends payable for the Fixed Rate Period shall be computed on the basis of a 360-day year of twelve 30-day months. The amount of dividends payable for the Floating Rate Period shall be computed on the basis of a 360-day year and the actual number of days elapsed. Dollar amounts resulting from that calculation will be rounded to the nearest cent, with one-half
cent being rounded upward. The Calculation Agent's determination of any dividend rate, and its calculation of the amount of dividends payable for the Floating Rate Period, will be maintained on file at the Calculation Agent's principal offices.

**(b) Non-Cumulative Dividends**. Dividends on shares of Series R Preferred Stock shall be non-cumulative. To the extent that any dividends payable on the shares of Series R Preferred Stock on any Dividend Payment Date are not declared prior to such Dividend Payment Date, then such dividends shall not cumulate and shall cease to accrue and be payable, and the Corporation shall have no obligation to pay, and the holders of Series R Preferred Stock shall have no right to receive, dividends accrued for such Dividend Period on the Dividend Payment Date for such Dividend Period or at any time in the future or interest with respect to such dividends, whether or not dividends are declared for any subsequent Dividend Period with respect to Series R Preferred Stock or any other series of authorized Preferred Stock, Preference Stock, or Common Stock of the Corporation.

**(c) Priority of Dividends**. So long as any shares of Series R Preferred Stock remain outstanding,

(1) no dividend shall be declared and paid or set aside for payment and no distribution shall be declared and made or set aside for payment on any Common Stock, and no shares of Common Stock shall be repurchased, redeemed or otherwise acquired for consideration by the Corporation, directly or indirectly, nor shall any monies be paid to or made available for a sinking fund for the redemption of any such Common Stock by the Corporation (other than (i) a dividend payable in Common Stock or (ii) the acquisition of shares of Common Stock in exchange for, or through application of proceeds of the sale of, shares of Common Stock);

(2) no dividend shall be declared and paid or set aside for payment and no distribution shall be declared and made or set aside for payment on any Junior Stock other than Common Stock, and no shares of Junior Stock other than Common Stock shall be repurchased, redeemed or otherwise acquired for consideration by the Corporation, directly or indirectly, nor shall any monies be paid to or made available for a sinking fund for the redemption of any such Junior Stock other than Common Stock by the Corporation (other than (i) a dividend payable solely in shares of Junior Stock, (ii) any dividend in connection with the implementation of a stockholder rights plan, or the redemption or repurchase of any rights under any such plan, (iii) any dividend in the form of stock, warrants, options or other rights where the dividend stock or stock issuable upon exercise of such warrants, options or other rights is the same stock as that on which the dividend is being paid or ranks equally with or junior to such stock, (iv) as a result of a reclassification of Junior Stock other than Common Stock for or into other Junior Stock, (v) the exchange or conversion of one share of Junior Stock other than Common Stock for or into another share of Junior Stock, (vi) through the use of proceeds of a substantially contemporaneous sale of other shares of Junior Stock, (vii) any purchase, redemption or other acquisition of Junior Stock other than Common Stock pursuant to any of the Corporation's or any of its subsidiaries' employee, consultant or director incentive or benefit plans or arrangements (including any employment, severance or consulting arrangements) adopted before or after December 11, 2013, (viii) any purchase of fractional interests in shares of Junior Stock other than Common Stock pursuant to the conversion or exchange provisions of such Junior Stock other than Common Stock or the securities being converted or exchanged, (ix) the purchase of Junior Stock other than Common Stock by Wells Fargo Securities, LLC, or any other affiliate of the Corporation, in connection with the distribution thereof or (x) the purchase of Junior Stock other than Common Stock by Wells Fargo Securities, LLC, or any other affiliate of the Corporation, in connection with market-making or other secondary market activities in the ordinary course of business); and

(3) no shares of Parity Stock will be repurchased, redeemed or otherwise acquired for consideration by the Corporation otherwise than pursuant to *pro rata* offers to purchase all, or a *pro rata*portion, of the Series R Preferred Stock and such Parity Stock during a Dividend Period (other than (i) as a result of a reclassification of Parity Stock for or into other Parity Stock or Junior Stock, (ii) the exchange or conversion of one share of Parity Stock for or into another share of Parity Stock or Junior Stock, (iii) through the use of proceeds of a substantially contemporaneous sale of other shares of Parity Stock or Junior Stock, (iv) any purchase, redemption or other acquisition of Parity Stock pursuant to any of the Corporation's or any of its subsidiaries' employee, consultant or director incentive or benefit plans or arrangements (including any employment, severance or consulting arrangements) adopted before or after December 11, 2013, (v) any purchase of fractional interests in shares of Parity Stock pursuant to the conversion or exchange provisions of such Parity Stock or the securities being converted or exchanged, (vi) the purchase of Parity Stock by Wells Fargo Securities, LLC, or any other affiliate of the Corporation, in connection with the distribution thereof or (vii) the purchase of Parity Stock by Wells Fargo Securities, LLC, or any other affiliate of the Corporation, in connection with market-making or other secondary market activities in the ordinary course of business), unless, in each case, the full dividends for the then-current Dividend Period on all

outstanding shares of the Series R Preferred Stock have been declared and paid or declared and a sum sufficient for the payment of those dividends has been set aside.

Subject to the succeeding sentence, for so long as any shares of Series R Preferred Stock remain outstanding, no dividends shall be declared, paid, or set aside for payment on any Parity Stock for any period unless full dividends on all outstanding shares of Series R Preferred Stock for the then-current Dividend Period have been paid in full or declared and a sum sufficient for the payment thereof set aside. To the extent the Corporation declares dividends on the Series R Preferred Stock and on any Parity Stock but cannot make full payment of those declared dividends, the Corporation will allocate the dividend payments on a proportional basis among the holders of shares of Series R Preferred Stock and the holders of any Parity Stock then outstanding where the terms of such Parity Stock provide similar dividend rights.

Subject to the foregoing, and not otherwise, such dividends (payable in cash, stock or otherwise) as may be determined by the Board of Directors of the Corporation or any duly authorized committee of the Board of Directors of the Corporation may be declared and paid on the Common Stock and any other stock that is Parity Stock or Junior Stock, from time to time out of any assets legally available for such payment, and the shares of Series R Preferred Stock shall not be entitled to participate in any such dividends.

**Section 5. Liquidation Rights.**

**(a) Liquidation**. In the event of any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation, holders of Series R Preferred Stock shall be entitled to receive in full out of assets available for distribution to its stockholders before any distribution or payment out of the assets of the Corporation may be made to or set aside for the holders of the Common Stock or any other Junior Stock, and subject to the rights of the holders of Parity Stock or any stock of the Corporation ranking senior to the Series R Preferred Stock as to such distribution, a liquidating distribution in the amount of $25,000 per share, plus an amount equal to any dividends which have been declared but not yet paid, without accumulation of any undeclared dividends, to the date of liquidation (the "*Liquidation Preference*"). The holders of Series R Preferred Stock shall not be entitled to any further payments in the event of any such voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation other than what is expressly provided for in this Section 5.

**(b) Partial Payment**. If the assets of the Corporation are not sufficient to pay in full the Liquidation Preference to all holders of Series R Preferred Stock and all holders of any Parity Stock, the amounts paid to the holders of Series R Preferred Stock and to the holders of all Parity Stock shall be *pro rata* in accordance with the respective aggregate liquidation preference of Series R Preferred Stock and all such Parity Stock.

**(c) Residual Distributions**. If the Liquidation Preference has been paid in full to all holders of Series R Preferred Stock and all other amounts payable upon liquidation, dissolution or winding up of the Corporation have been paid in full to all holders of any Parity Stock, the

holders of Common Stock and any other Junior Stock shall be entitled to receive all remaining assets of the Corporation according to their respective rights and preferences.

**(d) Merger, Consolidation and Sale of Assets Not Liquidation**. For purposes of this Section 5, the sale, conveyance, exchange or transfer (for cash, shares of stock, securities or other consideration) of all or substantially all of the property and assets of the Corporation shall not be deemed a voluntary or involuntary dissolution, liquidation or winding up of the affairs of the Corporation, nor shall the merger, consolidation or any other business combination transaction of the Corporation into or with any other corporation or person or the merger, consolidation or any other business combination transaction of any other corporation or person into or with the Corporation be deemed to be a voluntary or involuntary dissolution, liquidation or winding up of the affairs of the Corporation.

**Section 6. Redemption.**

**(a) Optional Redemption**. The Corporation, at the option of its Board of Directors or any duly authorized committee of the Board of Directors of the Corporation, may redeem, subject to the prior approval of the Federal Reserve Board, out of funds legally available therefor, in whole or in part, the shares of Series R Preferred Stock at the time outstanding, at any time on any Dividend Payment Date on or after March 15, 2024, upon notice given as provided in Section 6(b) below. The redemption price for shares of Series R Preferred Stock shall be $25,000 per share plus an amount equal to any dividends that have been declared but not paid up to the redemption date without accumulation of any undeclared dividends.

Notwithstanding the foregoing, within 90 days of the Corporation's good faith determination that a Regulatory Capital Treatment Event has occurred, the Corporation, at the option of its Board of Directors or any duly authorized committee of the Board of Directors of the Corporation, may, subject to the approval of the appropriate federal banking agency, redeem out of funds legally available therefor, in whole, but not in part, the shares of Series R Preferred Stock at the time outstanding, prior to March 15, 2024, upon notice given as provided in Section 6(b) below. The redemption price for shares of Series R Preferred Stock shall be $25,000 per share plus an amount equal to any dividends that have been declared but not paid, without accumulation of any undeclared dividends.

**(b) Notice of Redemption**. Notice of every redemption of shares of Series R Preferred Stock shall be mailed by first class mail, postage prepaid, addressed to the holders of record of such shares to be redeemed at their respective last addresses appearing on the stock register of the Corporation. Such mailing shall be at least 40 days and not more than 70 days before the date fixed for redemption. Any notice mailed as provided in this Section 6(b) shall be conclusively presumed to have been duly given, whether or not the holder receives such notice, but failure duly to give such notice by mail, or any defect in such notice or in the mailing thereof, to any holder of shares of Series R Preferred Stock designated for redemption shall not affect the validity of the proceedings for the redemption of any other shares of Series R Preferred Stock. Each notice shall state (i) the redemption date; (ii) the number of shares of Series R Preferred Stock to be redeemed and, if fewer than all the shares held by such holder are to be redeemed, if

applicable, the number of such shares to be redeemed from such holder; (iii) the redemption price; (iv) the place or places where the certificates for those shares are to be surrendered for payment of the redemption price; and (v) that dividends on the shares to be redeemed will cease to accrue on the redemption date. Notwithstanding the foregoing, if the Series R Preferred Stock is held in book-entry form through DTC, the Corporation may give such notice in any manner permitted by DTC.

**(c) Partial Redemption**. In case of any redemption of only part of the shares of Series R Preferred Stock at the time outstanding, the shares of Series R Preferred Stock to be redeemed shall be selected either *pro rata* from the holders of record of Series R Preferred Stock in proportion to the number of Series R Preferred Stock held by such holders or in such other manner consistent with the rules and policies of the New York Stock Exchange as the Board of Directors of the Corporation or any duly authorized committee of the Board of Directors of the Corporation may determine to be fair and equitable. Subject to the provisions of this Section 6, the Board of Directors of the Corporation or any duly authorized committee of the Board of Directors shall have full power and authority to prescribe the terms and conditions upon which shares of Series R Preferred Stock shall be redeemed from time to time.

**(d) Effectiveness of Redemption**. If notice of redemption has been duly given and if on or before the redemption date specified in the notice all funds necessary for the redemption have been irrevocably set aside by the Corporation, separate and apart from its other assets, in trust for the *pro rata* benefit of the holders of the shares called for redemption, so as to be and continue to be available therefor, or deposited by the Corporation with a bank or trust company selected by the Board of Directors of the Corporation or any duly authorized committee of the Board of Directors (the "*Depositary Company*") in trust for the *pro rata* benefit of the holders of the shares called for redemption, then, notwithstanding that any certificate for any share so called for redemption has not been surrendered for cancellation, on and after the redemption date all shares so called for redemption shall cease to be outstanding, all dividends with respect to such shares shall cease to accrue after such redemption date, and all rights with respect to such shares shall forthwith on such redemption date cease and terminate, except only the right of the holders thereof to receive the amount payable on such redemption from the Depository Company at any time after the redemption date from the funds so deposited, without interest. The Corporation shall be entitled to receive, from time to time, from the Depositary Company any interest accrued on such funds, and the holders of any shares called for redemption shall have no claim to any such interest. Any funds so deposited and unclaimed at the end of two years from the redemption date shall, to the extent permitted by law, be released or repaid to the Corporation, after which time the holders of the shares so called for redemption shall look only to the Corporation for payment of the redemption price of such shares.

**Section 7. Voting Rights.**

**(a) General.** The holders of Series R Preferred Stock shall not be entitled to vote on any matter except as set forth in paragraph 7(b) below or as required by applicable law.

**(b) Right To Elect Two Directors Upon Nonpayment Events.** Whenever dividends payable on any shares of Series R Preferred Stock or any class or series of Voting Parity Stock have not been declared and paid in an aggregate amount equal to, as to any class or series, at least six quarterly Dividend Periods or their equivalent, whether or not for consecutive Dividend Periods (a "*Nonpayment Event*"), the holders of the outstanding Series R Preferred Stock, voting together as a class with holders of Voting Parity Stock whose voting rights are exercisable, will be entitled to vote for the election of two additional directors of the Corporation's Board of Directors at the Corporation's next annual meeting of stockholders and at each subsequent annual meeting of stockholders (the "*Preferred Stock Directors*") by a plurality of the votes cast; *provided* that the Board of Directors shall at no time include more than two Preferred Stock Directors (including, for purposes of this limitation, all directors that the holders of any series of Voting Parity Stock are entitled to elect pursuant to like voting rights). Upon the vesting of such right of such holders, the maximum authorized number of members of the Board of Directors shall automatically be increased by two and the two vacancies so created shall be filled by vote of the holders of the outstanding Series R Preferred Stock (together with the holders of shares of any one or more other series of Voting Parity Stock). At elections for such directors, each holder of the Series R Preferred Stock shall be entitled to 25 votes for each share held (the holders of shares of any other series of Voting Parity Stock being entitled to such number of votes, if any, for each share of such stock as may be granted to them). The right of the holders of the Series R Preferred Stock (voting together as a class with the holders of shares of any one or more other series of Voting Parity Stock) to elect Preferred Stock Directors shall continue until such time as the Corporation has paid in full dividends for the equivalent of at least four quarterly Dividend Periods or their equivalent, at which time such right with respect to the Series R Preferred Stock shall terminate, except as provided by law, and subject to revesting in the event of each and every subsequent default of the character described in this Section 7(b).

Upon any termination of the right of the holders of all shares of Series R Preferred Stock and Voting Parity Stock to vote for Preferred Stock Directors, the term of office of all Preferred Stock Directors then in office elected by only those holders voting as a class shall terminate immediately. Any Preferred Stock Director may be removed at any time without cause by the holders of a majority of the outstanding shares of Series R Preferred Stock and Voting Parity Stock, when they have the voting rights described above (voting together as a class). In case any vacancy shall occur among the Preferred Stock Directors, a successor may be elected by a plurality of the votes cast by the holders of Series R Preferred Stock and Voting Parity Stock having the voting rights described above, voting together as a class, unless the vacancy has already been filled. The Preferred Stock Directors shall each be entitled to one vote per director on any matter that shall come before the Board of Directors for a vote. Whenever the term of office of the directors elected by such holders voting as a class shall end and the special voting powers vested in such holders as provided in this Section 7(b) shall have expired, the number of directors shall be such number as may be provided for in the By-Laws irrespective of any increase made pursuant to this Section 7(b).

**(c) Other Voting Rights**. In addition to any other vote required by law or the Restated Certificate of Incorporation, so long as any shares of the Series R Preferred Stock remain outstanding, the vote or consent of the holders of the outstanding shares of Series R

Preferred Stock and outstanding shares of all other series of Voting Parity Stock entitled to vote on the matter, by a vote of at least 66 2/3% in voting power of all such outstanding Series R Preferred Stock and such Voting Parity Stock, voting together as a class, given in person or by proxy, either in writing without a meeting or at any meeting called for the purpose, shall be necessary to permit, effect or validate any one or more of the following actions, whether or not such approval is required by Delaware law: (i) the issuance of any class or series of Preferred Stock or Preference Stock ranking senior to the Series R Preferred Stock in the payment of dividends or the distribution of assets in the event of the Corporation's voluntary or involuntary liquidation, dissolution or winding up; (ii) any amendment, alteration or repeal of any provision of the Restated Certificate of Incorporation, including the Certificate of Designation, or the Bylaws that would adversely affect the rights, preferences, privileges or voting powers of the Series R Preferred Stock; (iii) any amendment or alteration of the Restated Certificate of Incorporation, including the Certificate of Designation, or Bylaws to authorize, create, or increase the authorized amount of, any shares of, or any securities convertible into shares of, any class or series of the Corporation's capital stock ranking senior to the Series R Preferred Stock with respect to either the payment of dividends or in the distribution of assets in the event of the Corporation's voluntary or involuntary liquidation, dissolution or winding up; or (iv) any consummation of a reclassification involving the Series R Preferred Stock or a merger or consolidation with another corporation or other entity, except holders of the Series R Preferred Stock will have no right to vote under this section 7(c)(iv) if in each case (a) the shares of Series R Preferred Stock remain outstanding or, in the case of any such merger or consolidation with respect to which the Corporation is not the surviving or resulting entity, are converted into or exchanged for preference securities of the surviving or resulting entity or its ultimate parent, and (b) such shares of Series R Preferred Stock remaining outstanding or such preference securities, as the case may be, have such rights, preferences, privileges and voting powers, taken as a whole, as are not materially less favorable to the holders thereof than the rights, preferences, privileges and voting powers of the Series R Preferred Stock, taken as a whole; *provided, however*, that any authorization, creation or increase in the authorized amount of or issuance of the Series R Preferred Stock or any Parity Stock or Junior Stock or any securities convertible into any class or series of Parity Stock (whether dividends payable in respect of such Parity Stock are cumulative or non-cumulative) or Junior Stock will be deemed not to adversely affect the rights, preferences, privileges or voting powers of the Series R Preferred Stock, and holders of the Series R Preferred Stock shall have no right to vote thereon.

If any amendment, alteration, repeal, reclassification, merger or consolidation specified in this Section 7(c) would adversely affect one or more but not all series of voting Preferred Stock (including the Series R Preferred Stock), then only those series affected by and entitled to vote on the matter shall vote on the matter together as a class (in lieu of all other series of Preferred Stock).

Each holder of the Series R Preferred Stock will have 25 votes per share on any matter on which holders of the Series R Preferred Stock are entitled to vote, whether separately or together with any other series of stock of the Corporation (the holders of any shares of any other series of stock being entitled to such number of votes, if any, for each share of stock as may be granted to them), pursuant to Delaware law or otherwise, including by written consent.

**(d) Changes after Provision for Redemption**. No vote or consent of the holders of Series R Preferred Stock shall be required pursuant to Section 7(b) or (c) above if, at or prior to the time when any such vote or consent would otherwise be required pursuant to such Section, all outstanding Series R Preferred Stock shall have been redeemed, or notice of redemption has been given and sufficient funds shall have been irrevocably deposited in trust to effect such redemption.

**(e) Procedures for Voting and Consents.** The rules and procedures for calling and conducting any meeting of the holders of Series R Preferred Stock (including, without limitation, the fixing of a record date in connection therewith), the solicitation and use of proxies at such a meeting, the obtaining of written consents and any other aspect or matter with regard to such a meeting or such consents shall be governed by any rules the Board of Directors, in its discretion, may adopt from time to time, which rules and procedures shall conform to the requirements of the Restated Certificate of Incorporation, the Bylaws, applicable law and any national securities exchange or other trading facility in which the Series R Preferred Stock is listed or traded at the time.

**Section 8. Preemption and Conversion**. The holders of Series R Preferred Stock shall not have any rights of preemption or rights to convert such Series R Preferred Stock into shares of any other class of capital stock of the Corporation.

**Section 9. Reacquired Shares**. Shares of Series R Preferred Stock which have been issued and redeemed or otherwise purchased or acquired by the Corporation shall be restored to the status of authorized but unissued shares of Preferred Stock without designation as to series.

**Section 10. No Sinking Fund**. Shares of Series R Preferred Stock are not subject to the operation of a sinking fund.

**Section 11. Additional Classes or Series of Stock**. Notwithstanding anything set forth in the Restated Certificate of Incorporation or this Certificate of Designation to the contrary, the Board of Directors of the Corporation, or any authorized committee of the Board of Directors of the Corporation, (i) without the vote of the holders of the Series R Preferred Stock, may authorize and issue additional shares of Junior Stock and Parity Stock and (ii) with the requisite vote of the holders of the Series R Preferred Stock and Parity Stock entitled to vote thereon, may authorize and issue any additional class or series of Preferred Stock or Preference Stock senior to the Series R Preferred Stock as to the payment of dividends and/or the distribution of assets upon any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation.

**In Witness Whereof, Wells Fargo & Company** has caused this Certificate of Designation to be signed by Barbara S. Brett, its Senior Vice President and Assistant Treasurer, and Jeannine E. Zahn, its Assistant Secretary, this 17th day of December, 2013.

**Wells Fargo & Company**

By: /s/ Barbara S. Brett
Barbara S. Brett, Senior Vice President and Assistant Treasurer

/s/ Jeannine E. Zahn
Jeannine E. Zahn, Assistant Secretary

[As filed with the Delaware Secretary of State on December 17, 2013.]

WELLS FARGO & COMPANY

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CERTIFICATE OF DESIGNATION
Pursuant to Section 151 of the
General Corporation Law of the State of Delaware

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2014 ESOP CUMULATIVE CONVERTIBLE PREFERRED STOCK
(Without Par Value)

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WELLS FARGO & COMPANY, a corporation organized and existing under the laws of the State of Delaware (the "Company"), HEREBY CERTIFIES that, pursuant to authority conferred upon the Board of Directors of the Company (the "Board") by the provisions of the Restated Certificate of Incorporation of the Company, as amended, which authorize the issuance of not more than 20,000,000 shares of Preferred Stock, without par value (the "Preferred Stock"), and pursuant to authority conferred upon the ESOP Preferred Stock Committee I of the Board (the "ESOP Committee") in accordance with Section 141(c) of the General Corporation Law of the State of Delaware (the "General Corporation Law") and by the resolutions of the Board set forth herein, the following resolutions were duly adopted by the Board at meetings of the Board duly held on January 25, 2000, January 27, 2009, and February 24, 2009, and by the ESOP Committee pursuant to the written consent of the ESOP Committee duly adopted on January 7, 2014, in accordance with Section 141(f) of the General Corporation Law:

1. On January 25, 2000, the Board adopted the following resolution (the "ESOP Board Resolutions") appointing the ESOP Committee and delegating to the ESOP Committee the full powers of the Board, subject to the ESOP Board Resolutions, in all matters relating to issuance of one or more series of Preferred Stock ("ESOP Preferred Stock") to the trustee on behalf of the Company's 401(k) Plan hereinafter referred to:

RESOLVED that a committee of one member of the Board of the Company is hereby appointed by the Board as the ESOP Preferred Stock Committee I (the "First Committee"), which shall have and may exercise the full powers of the Board, subject to these resolutions, to issue from time to time one or more series of ESOP Preferred Stock, including any shares of Company common stock ($1 2/3 par value) issuable upon conversion of ESOP Preferred Stock, and in connection therewith, to fix the designations, voting powers, preferences, and all other rights, qualifications and restrictions of such ESOP Preferred Stock, to sell such ESOP Preferred Stock to the Plan on such terms and conditions and for such purchase price as the First Committee in its discretion shall approve, and to take any and all actions as the First Committee shall deem necessary or appropriate.

2. On January 27, 2009, the Board adopted the following resolutions (the "January 2009 Resolutions") amending the ESOP Board Resolutions to allow the ESOP Committee to establish the voting rights of any series of ESOP Preferred Stock:

RESOLVED that the resolution set forth in the [ESOP Board Resolutions] under the caption "Voting Rights of ESOP Preferred Stock" is hereby deleted in its entirety.

RESOLVED that the [ESOP Board Resolutions] are hereby further amended to delete "Appendix A – Voting Rights" in its entirety.

3. Pursuant to resolutions adopted on February 24, 2009, the Board designated John G. Stumpf as the sole member of the ESOP Committee, effective April 29, 2009.

4. On January 7, 2014, pursuant to authority conferred upon it by the Board in the ESOP Board Resolutions as amended by the January 2009 Resolutions, the ESOP Committee adopted the following resolution by written consent in accordance with Section 141(f) of the General Corporation Law:

RESOLVED that the issuance of a series of Preferred Stock, without par value, of the Company is hereby authorized and the designation, voting powers, preferences, and relative, participating, optional, and other special rights, and qualifications, limitations and restrictions thereof, in addition to those set forth in the Restated Certificate of Incorporation of the Company, as amended, are hereby fixed as follows:

2014 ESOP CUMULATIVE CONVERTIBLE PREFERRED STOCK

1. Designation and Number of Shares; Restricted Issue.

(a) The designation of the series of Preferred Stock, without par value, provided for herein shall be "2014 ESOP Cumulative Convertible Preferred Stock" (hereinafter referred to as the "2014 ESOP Preferred Stock") and the number of authorized shares constituting the 2014 ESOP Preferred Stock is 1,217,000, based on an offering price for the 2014 ESOP Preferred Stock of $1,089.00 per share. Each share of 2014 ESOP Preferred Stock shall have a stated value of $1,000.00 per share. The number of authorized shares of 2014 ESOP Preferred Stock may be reduced by further resolution duly adopted by the Board or the Securities Committee and by the filing of a certificate pursuant to the provisions of the General Corporation Law of the State of Delaware stating that such reduction has been so authorized, provided, however, that the authorized number of shares of 2014 ESOP Preferred Stock shall not be decreased below the then outstanding number of such shares, and provided further that the number of authorized shares of 2014 ESOP Preferred Stock shall not be increased. All shares of the 2014 ESOP Preferred Stock purchased, redeemed, or converted by the Company shall be retired and canceled and shall be restored to the status of authorized but unissued shares of Preferred Stock, without designation as to series, and may thereafter be issued, but not as shares of 2014 ESOP Preferred Stock.

(b) Shares of 2014 ESOP Preferred Stock shall be issued only to a trustee (the "Trustee") acting on behalf of the Wells Fargo & Company 401(k) Plan, or any successor to such plan (the "Plan"). All references to the holder of shares of 2014 ESOP Preferred Stock shall mean the Trustee or any company with which or into which the Trustee may merge or any successor trustee under the trust agreement with respect to the Plan. In the event of any transfer of record ownership of shares of 2014 ESOP Preferred Stock to any person other than any successor trustee under the Plan, the shares of 2014 ESOP Preferred Stock so transferred, upon such transfer and without any further action by the Company or the holder thereof, shall be automatically converted into shares of the common stock, par value $1-2/3 per share, of the Company (the "Common Stock") on the terms otherwise provided for the conversion of the shares of 2014 ESOP Preferred Stock into shares of Common Stock pursuant to paragraph (a) of Section 4 hereof, and no such transferee shall have any of the voting powers, preferences, and relative, participating, optional or special rights ascribed to shares of 2014 ESOP Preferred Stock hereunder but, rather, only the powers and rights pertaining to the Common Stock into which such shares of 2014 ESOP Preferred Stock shall be so converted. In the event of such a conversion, the transferee of the shares of 2014 ESOP Preferred Stock shall be treated for all purposes as the record holder of the shares of Common Stock into which such shares of 2014 ESOP Preferred Stock have been automatically converted as of the date of such transfer. Shares of 2014 ESOP Preferred Stock may be certificated or uncertificated, at the Company's option. Certificates representing shares of 2014 ESOP Preferred Stock shall bear a legend to reflect the foregoing provisions. In the case of uncertificated 2014 ESOP Preferred Stock, the transfer agent for the 2014 ESOP Preferred Stock shall note the foregoing provisions on each 2014 ESOP Preferred Stock book entry account. The Company may require that, as a condition to transferring record ownership of any uncertificated 2014 ESOP Preferred Stock, the proposed transferee acknowledge in writing that the shares of 2014 ESOP Preferred Stock are subject to the foregoing provisions. Notwithstanding the foregoing provisions of this paragraph (b) of Section 1, shares of 2014 ESOP Preferred Stock (i)(A) shall be converted into shares of Common Stock as provided in paragraph (a) of Section 4 hereof, and (B) may be converted into shares of Common Stock as provided by paragraph (b) of Section 4 hereof and the shares of Common Stock issued upon such conversion may be transferred by the holder thereof as permitted by law and (ii) shall be redeemable by the Company upon the terms and conditions provided in Sections 5 and 6(c) hereof.

2. Voting Rights. No shares of 2014 ESOP Preferred Stock shall have voting rights except such voting rights as may from time to time be required by law and as set forth in this Section 2, as follows:

(a) Whenever, at any time or times, dividends payable on shares of 2014 ESOP Preferred Stock shall be in arrears for such number of dividend periods which shall in the aggregate contain not less than 540 days, the holders of the outstanding shares of 2014 ESOP Preferred Stock shall have the exclusive right, voting together as a class with holders of shares of any one or more series of Voting Parity Stock, as defined in paragraph (e) of this Section 2,whose voting rights are exercisable, to elect two directors of the Company's Board at the Company's next annual meeting of stockholders and at each subsequent annual meeting of stockholders (the "Preferred Stock Directors") by a plurality of the votes cast; provided that the Board of Directors

shall at no time include more than two Preferred Stock Directors (including, for purposes of this limitation, all directors that the holders of any series of Voting Parity Stock are entitled to elect pursuant to like voting rights). At elections for such directors, each holder of the shares of 2014 ESOP Preferred Stock shall be entitled to one vote for each share held (the holders of shares of any series of Voting Parity Stock being entitled to such number of votes, if any, for each share of Preferred Stock held as may be granted to them). Upon the vesting of such right of such holders, the maximum authorized number of members of the Board shall automatically be increased by two and the two vacancies so created shall be filled by vote of the holders of such outstanding shares of 2014 ESOP Preferred Stock (together with the holders of shares of any one or more series of Voting Parity Stock whose voting rights are exercisable) as herein set forth. The right of such holders of such shares of 2014 ESOP Preferred Stock (voting together as a class with the holders of shares of any one or
more series of Voting Parity Stock whose voting rights are exercisable) to elect Preferred Stock Directors as aforesaid shall continue until such time as all dividends accumulated on such shares of 2014 ESOP Preferred Stock shall have been paid in full, at which time such right with respect to such shares of 2014 ESOP Preferred Stock shall terminate, except as herein or by law expressly provided, subject to revesting in the event of each and every subsequent default of the character above mentioned.

(b) Upon any termination of the right of the holders of all shares of 2014 ESOP Preferred Stock and Voting Parity Stock entitled to vote for Preferred Stock Directors, the term of office of all Preferred Stock Directors then in office elected by such holders voting as a class shall terminate immediately. Any Preferred Stock Director may be removed at any time without cause by the holders of a majority of the outstanding shares of 2014 ESOP Preferred Stock and Voting Parity Stock, when they have the voting rights described above (voting together as a class). In case any vacancy shall occur among the Preferred Stock Directors, a successor may be elected by a plurality of the votes cast by the holders of 2014 ESOP Preferred Stock and Voting Parity Stock having the voting rights described above, voting together as a class, unless the vacancy has already been filled. The Preferred Stock Directors shall each be entitled to one vote per director on any matter that shall come before the Board of Directors for a vote. Whenever the term of office of the directors elected by such holders voting as a class shall end and the special voting powers vested in such holders as provided in this resolution shall have expired, the number of directors shall be such number as may be provided for in the By-Laws of the Company irrespective of any increase made pursuant to the provisions of this Section 2(b).

(c) In addition to any other vote required by law or the Restated Certificate of Incorporation, so long as any shares of 2014 ESOP Preferred Stock remain outstanding, the vote or consent of the holders of the outstanding shares of 2014 ESOP Preferred Stock and outstanding shares of all series of Voting Parity Stock entitled to vote on the matter, by a vote of at least two-thirds in voting power of all such outstanding shares of 2014 ESOP Preferred Stock and such series of Voting Parity Stock voting together as a class, given in person or by proxy, either in writing or at any special or annual meeting called for the purpose, shall be necessary to permit, effect or validate any one or more of the following whether or not such approval is required by Delaware law:

(i) the authorization, creation or issuance, or any increase in the authorized or issued amount, of any class or series of stock ranking prior to shares of 2014 ESOP Preferred Stock with respect to payment of dividends or the distribution of assets on the Company's voluntary or involuntary liquidation, dissolution or winding up, or

(ii) the amendment, alteration or repeal, whether by merger, consolidation or otherwise, of any of the provisions of the Restated Certificate of Incorporation or of the resolutions set forth in a Certificate of Designation designating shares of 2014 ESOP Preferred Stock and the preferences, powers and relative, participating, optional and other special rights and qualifications, limitations and restrictions thereof which would materially and adversely affect any right, preference, privilege or voting power of the shares of 2014 ESOP Preferred Stock or of the holders thereof; provided, however, that any increase in the amount of authorized Preferred Stock, or the creation and issuance of other series of Preferred Stock, or any increase in the amount of authorized shares of any series of Preferred Stock, in each case ranking on a parity with or junior to the shares of 2014 ESOP Preferred Stock with respect to the payment of dividends and the distribution of assets upon liquidation, dissolution or winding up, shall not be deemed to materially and adversely affect such rights, preferences, privileges or voting powers.

(d) The foregoing voting provisions shall not apply if, at or prior to the time when the act with respect to which such vote would otherwise be required shall be effected, all outstanding shares of 2014 ESOP Preferred Stock shall have been redeemed or sufficient funds shall have been irrevocably deposited in trust to effect such redemption.

(e) As used in this Section 2, "Voting Parity Stock" means any other class or series of stock of the Company now existing or hereafter authorized that ranks on par with the 2014 ESOP Preferred Stock in the payment of dividends (whether such dividends are cumulative or non-cumulative) or in the distribution of assets in the event of any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Company and having similar voting rights as the 2014 ESOP Preferred Stock.

3. Dividends. (a)(i) Holders of shares of 2014 ESOP Preferred Stock will be entitled to receive, when and as declared by the Board or a duly authorized committee thereof, out of assets of the Company legally available for payment, an annual cash dividend of $87.00 (the "Base Dividend") per share, which Base Dividend shall be subject to adjustment from time to time as provided in this Section 3.

(ii) The Base Dividend shall be adjusted, effective on December 1, 2015 and on each December 1 thereafter until December 1, 2022, as follows:

(1) If the Current Market Price (as hereinafter defined) of one share of Common Stock on November 30 (or the next preceding Trading Day (as hereinafter defined) if November 30 is not a Trading Day) of any year listed in the Dividend Adjustment Table below is equal to or greater than the First Target Price but less than the Second Target Price shown opposite that year in such table, then holders of shares of the 2014 ESOP Preferred Stock

will be entitled to receive a cash dividend for the immediately following twelve month period equal to $92.00 per share (the "First Adjusted Dividend").

(2) If the Current Market Price of one share of Common Stock on November 30 (or the next preceding Trading Day if November 30 is not a Trading Day) of any year listed in the Dividend Adjustment Table below is equal to or greater than the Second Target Price shown opposite that year in such table, then holders of shares of 2014 ESOP Preferred Stock will be entitled to receive a cash dividend for the immediately following twelve month period equal to $97.00 per share (the "Second Adjusted Dividend").

(3) If the Current Market Price of one share of Common Stock on November 30 (or next preceding Trading Day if November 30 is not a Trading Day) of any year listed in the Dividend Adjustment Table below is less than the First Target Price shown opposite that year in such table, then the holders of shares of 2014 ESOP Preferred Stock will be entitled to receive a cash dividend for the immediately following twelve month period equal to the Base Dividend.

**Dividend Adjustment Table**

| Closing Price on 11/30 | First Target Price | Second Target Price |
|---|---|---|
| 2015 | $50.366 | $53.676 |
| 2016 | $54.396 | $60.117 |
| 2017 | $58.747 | $67.331 |
| 2018 | $63.447 | $75.411 |
| 2019 | $68.523 | $84.461 |
| 2020 | $74.005 | $94.596 |
| 2021 | $79.925 | $105.947 |
| 2022 | $86.319 | $118.661 |

(4) As an example of the adjustments described in subparagraphs (1) through (3) above, if on November 30, 2015, the Current Market Price of one share of Common Stock is $51.00, then the cash dividend payable for the immediately following twelve month period per share of 2014 ESOP Preferred Stock would equal $92.00, with the first quarterly payment of such $92.00 dividend to be made on March 1, 2016. If on November 30, 2016, the Current Market Price of one share of Common Stock is $61.00, then the cash dividend payable for the immediately following twelve month period per share of 2014 ESOP Preferred Stock would equal $97.00, with the first quarterly payment of such $97.00 dividend to be made on March 1, 2017. If on November 30, 2017, the Current Market Price of one share of Common Stock is $55.00, then the cash dividend payable for the immediately following twelve month period per share of 2014 ESOP Preferred Stock would equal $87.00, with the first quarterly payment of such $87.00 dividend to be made on March 1, 2018.

(5) For purposes of this Section 3, the terms "First Adjusted Dividend" and "Second Adjusted Dividend" are sometimes referred to as an "Adjusted

Dividend;" the term "Current Market Price" shall have the meaning given to it in Section 4(c)(iv); and the term "Trading Day" shall have the meaning given to it in Section 4(c)(vi).

(iii) If one share of Common Stock in any year listed in the Dividend Adjustment Table shall be changed into a different number of shares or a different class of shares by reason of any reclassification, recapitalization, split-up, combination, exchange of shares or readjustment, or if a stock dividend thereon shall be declared with a record date within such period, then the First Target Price and the Second Target Price listed in such table for that year and each subsequent year will be appropriately and proportionately adjusted.

(iv) Dividends payable on shares of the 2014 ESOP Preferred Stock (whether such dividends are equal to the Base Dividend or to an Adjusted Dividend) shall be payable quarterly on March 1, June 1, September 1, and December 1 of each year, commencing March 1, 2014. Dividends on shares of the 2014 ESOP Preferred Stock will be cumulative from the date of initial issuance of such shares of 2014 ESOP Preferred Stock. Dividends will be payable, in arrears, to holders of record as they appear on the stock books of the Company on such record dates, not more than 30 days nor less than 15 days preceding the payment dates thereof, as shall be fixed by the Board or a duly authorized committee thereof. The amount of dividends payable per share for each dividend period shall be computed by dividing by four the Base Dividend or the Adjusted Dividend, whichever is then applicable. The amount of dividends payable for the initial dividend period or any period shorter than a full dividend period shall be calculated on the basis of actual days elapsed in a 360-day year of twelve 30-day months.

(b)(i) No full dividends shall be declared or paid or set apart for payment on any stock of the Company ranking, as to dividends, on a parity with or junior to the 2014 ESOP Preferred Stock for any period unless full cumulative dividends have been or contemporaneously are declared and paid or declared and a sum sufficient for the payment thereof has been set apart for such payment on shares of 2014 ESOP Preferred Stock for all dividend payment periods terminating on or prior to the date of payment of such full cumulative dividends. When dividends are not paid in full, as aforesaid, upon the shares of 2014 ESOP Preferred Stock and any other series of Preferred Stock ranking on a parity as to dividends with 2014 ESOP Preferred Stock, all dividends declared upon shares of 2014 ESOP Preferred Stock and any other series of Preferred Stock ranking on a parity as to dividends with 2014 ESOP Preferred Stock shall be declared pro rata so that the amount of dividends declared per share on 2014 ESOP Preferred Stock and such other series of Preferred Stock shall in all cases bear to each other the same ratio that accrued dividends per share on the shares of 2014 ESOP Preferred Stock and such other series of Preferred Stock bear to each other. Holders of shares of 2014 ESOP Preferred Stock shall not be entitled to any dividend, whether payable in cash, property, or stock, in excess of full cumulative dividends, as herein provided, on 2014 ESOP Preferred Stock. No interest, or sum of money in lieu of interest, shall be payable in respect of any dividend payment or payments on 2014 ESOP Preferred Stock which may be in arrears.

(ii) So long as any shares of 2014 ESOP Preferred Stock are outstanding, no dividend (other than dividends or distributions paid in shares of, or options, warrants, or rights to subscribe for or purchase shares of, Common Stock or any other stock ranking junior to 2014 ESOP Preferred Stock as to dividends or upon liquidation and other than as provided in

paragraph (b)(i) of this Section 3) shall be declared or paid or set aside for payment or other distribution declared or made upon Common Stock or any other capital stock of the Company ranking junior to or on a parity with 2014 ESOP Preferred Stock as to dividends or upon liquidation, nor shall any Common Stock or any other capital stock of the Company ranking junior to or on a parity with 2014 ESOP Preferred Stock as to dividends or upon liquidation, dissolution or winding up be redeemed, purchased, or otherwise acquired for any consideration (or any moneys be paid to or made available for a sinking fund for the redemption of any shares of any such stock) by the Company (except by conversion into or exchange for stock of the Company ranking junior to 2014 ESOP Preferred Stock as to dividends or upon liquidation, dissolution or winding up), unless, in each case, the full cumulative dividends on all outstanding shares of 2014 ESOP Preferred Stock shall have been paid or declared and set aside for payment of the then current dividend payment period and all past dividend payment periods.

4. Conversion. Shares of 2014 ESOP Preferred Stock are convertible from time to time hereafter pursuant to the provisions of paragraphs (a) or (b) of this Section 4 into that number of shares of Common Stock determined by dividing the stated value of each share of 2014 ESOP Preferred Stock by the then applicable Conversion Price, (as determined in accordance with the provisions of paragraph (c)(iii) of this Section 4), as follows:

(a) Each share of 2014 ESOP Preferred Stock released from the unallocated reserve of the Plan in accordance with the terms thereof shall be automatically converted, without any further action by the Company or the holder thereof, as of the date such release occurs (the "Release Date"), into fully paid and nonassessable shares of Common Stock at the then applicable Conversion Price for the 2014 ESOP Preferred Stock provided for in paragraph (c) of this Section 4.

(b) Subject to and upon compliance with the provisions of this Section 4, a holder of 2014 ESOP Preferred Stock shall be entitled at any time, prior to the close of business on the date fixed for redemption of such shares pursuant to Sections 5 or 6 hereof, to cause any or all of the shares of 2014 ESOP Preferred Stock held by such holder to be converted into fully paid and nonassessable shares of Common Stock at the then applicable Conversion Price for 2014 ESOP Preferred Stock provided for in paragraph (c) of this Section 4.

(c) For purposes of these resolutions, the following terms shall have the meanings set forth below:

(i) The "Average Current Market Price" per share of Common Stock on any date shall be deemed to be the average of the Current Market Price for one share of Common Stock for the twenty (20) consecutive Trading Days ending on the Trading Day occurring prior to the date the "Purchase Offer" is made (as that term is defined in Section 6(d) hereof).

(ii) A "Business Day" means each day that is not a Saturday, Sunday, or a day on which state or federally chartered banking institutions in the State of New York are not required to be open.

(iii) (A) For purposes of a mandatory conversion of shares of 2014 ESOP Preferred Stock into shares of Common Stock pursuant to the provisions of paragraph (a) of this Section 4, the "Conversion Price" for such shares of 2014 ESOP Preferred Stock shall be the Current Market Price of one share of Common Stock on the relevant Release Date.

(B) For purposes of an optional conversion of shares of 2014 ESOP Preferred Stock into shares of Common Stock pursuant to the provisions of paragraph (b) of this Section 4, the "Conversion Price" for such shares of 2014 ESOP Preferred Stock shall be the Current Market Price of one share of Common Stock on the date the Conversion Notice (as that term is defined in paragraph (d) of this Section 4) is received by the Company, by the transfer agent for the 2014 ESOP Preferred Stock or by any agent for conversion of the 2014 ESOP Preferred Stock designated as such pursuant to paragraph (d) of this Section 4.

(C) For purposes of a conversion of shares of 2014 ESOP Preferred Stock into shares of Common Stock in connection with a "Purchase Offer" (as defined in Section 6(d) hereof), the "Conversion Price" for such shares of 2014 ESOP Preferred Stock shall be the Average Current Market Price of one share of Common Stock.

Each share of 2014 ESOP Preferred Stock shall be valued at its stated value of $1,000.00 for purposes of computing, based on the applicable Conversion Price, the number of shares of Common Stock into which the shares of 2014 ESOP Preferred Stock will be converted.

(iv) The "Current Market Price" of publicly traded shares of Common Stock or any other class of capital stock or other security of the Company or any other issuer for any day shall mean the reported last sale price, regular way, or, in case no sale takes place on such day, the average of the reported closing bid and asked prices, regular way, in either case as reported on the New York Stock Exchange only or, if the Common Stock is not listed or admitted to trading on the New York Stock Exchange, on the principal national securities exchange on which the Common Stock is listed or admitted to trading or, if not listed or admitted to trading on any national securities exchange, on the National Market System of the National Association of Securities Dealers, Inc. Automated Quotations System ("NASDAQ") or, if the Common Stock is not quoted on such National Market System, the average of the closing bid and asked prices on such day in the over-the-counter market as reported by NASDAQ or, if bid and asked prices for the Common Stock on each such day shall not have been reported through NASDAQ, the average of the bid and asked prices for such day as furnished by any New York Stock Exchange member firm regularly making a market in the Common Stock selected for such purpose by the Board or a committee thereof or, if no such quotations are available, the fair market value of the Common Stock as determined by a New York Stock Exchange member firm regularly making a market in the Common Stock selected for such purpose by the Board or a committee thereof.

(v) "Common Stock" shall mean the Common Stock of the Company as the same exists at the date of this Certificate of Designation or as such stock may be constituted from time to time.

(vi) "Trading Day" with respect to Common Stock means (x) if the Common Stock is listed or admitted for trading on the New York Stock Exchange or another national securities exchange, a day on which the New York Stock Exchange or such other national securities exchange is open for business or (y) if the Common Stock is quoted on the National Market System of NASDAQ, a day on which trades may be made on such National Market System or (z) otherwise, any Business Day.

(d) In connection with any conversion of 2014 ESOP Preferred Stock pursuant to this Section 4, a written notice of conversion (the "Conversion Notice") shall be delivered to the Company at its principal executive office or the offices of the transfer agent for the 2014 ESOP Preferred Stock or such office or offices in the continental United States of an agent for conversion as may from time to time be designated by notice to the holders of the 2014 ESOP Preferred Stock by the Company or the transfer agent for the 2014 ESOP Preferred Stock, which Conversion Notice shall be accompanied by (a) in the case of certificated 2014 ESOP Preferred Stock, the certificate or certificates representing the shares of 2014 ESOP Preferred Stock being converted pursuant to this Section 4, duly assigned or endorsed for transfer to the Company (or accompanied by duly executed stock powers relating thereto) and (b) in the case of uncertificated 2014 ESOP Preferred Stock, duly executed assignment and transfer documents for the shares of 2014 ESOP Preferred Stock being converted pursuant to this Section 4. Each Conversion Notice shall specify (i)(y) in the case of a mandatory conversion pursuant to paragraph (a) of this Section 4, the number of shares of 2014 ESOP Preferred Stock released from the unallocated reserve of the Plan on the Release Date or (z) in the case of an optional conversion pursuant to paragraph (b) of this Section 4, the number of shares of 2014 ESOP Preferred Stock being converted, and (ii) in connection with any conversion hereunder, (x) the name or names in which such holder wishes the certificate or certificates for Common Stock and, in the case of certificated 2014 ESOP Preferred Stock, for any shares of 2014 ESOP Preferred Stock not to be so converted to be issued, (y) the address to which such holder wishes delivery to be made of such new certificates to be issued upon such conversion, and (z) such other information as the Company or its agents may reasonably request.

(e) Upon delivery to the Company or the transfer agent for the 2014 ESOP Preferred Stock of the Conversion Notice and all other documentation and certificates required to effect the conversion, as provided in paragraph (d) of this Section 4, the Company shall issue and send by hand delivery, by courier or by first-class mail (postage prepaid) to the holder thereof or to such holder's designee, at the address designated by such holder, a certificate or certificates for the number of shares of Common Stock to which such holder shall be entitled upon conversion. If there shall have been surrendered a certificate or certificates representing shares of 2014 ESOP Preferred Stock only part of which are to be converted, the Company shall issue and deliver to such holder or such holder's designee, in the manner set forth in the preceding sentence, a new certificate or certificates representing the number of shares of 2014 ESOP Preferred Stock which shall not have been converted.

(f) The issuance by the Company of shares of Common Stock upon a conversion of shares of 2014 ESOP Preferred Stock into shares of Common Stock made pursuant to this Section 4 shall be effective (i) in the case of a mandatory conversion of shares of 2014 ESOP

Preferred Stock pursuant to paragraph (a) of this Section 4, as of the Release Date; and (ii) in the case of an optional conversion of such shares pursuant to paragraph (b) of this Section 4, as of the earlier of (A) the delivery to such holder or such holder's designee of the certificates representing the shares of Common Stock issued upon conversion thereof or (B) the commencement of business on the second Business Day after the delivery to the Company or the transfer agent for the 2014 ESOP Preferred Stock of the Conversion Notice and all other documentation and certificates required to effect the conversion, as provided in paragraph (d) of this Section 4. On and after the effective date of a conversion, the person or persons entitled to receive the Common Stock issuable upon such conversion shall be treated for all purposes as the record holder or holders of such shares of Common Stock, but no allowance or adjustment shall be made in respect of dividends payable to holders of Common Stock in respect of any period prior to such effective date. The Company shall not be obligated to pay any dividends which shall have accrued or have been declared and shall be payable to holders of shares of 2014 ESOP Preferred Stock if the date on which such dividends are paid is on or after the effective date of conversion of such shares.

(g) The Company shall not be obligated to deliver to holders of 2014 ESOP Preferred Stock any fractional share or shares of Common Stock issuable upon any conversion of such shares of 2014 ESOP Preferred Stock, but in lieu thereof may make a cash payment in respect thereof in any manner permitted by law.

(h) The Company shall at all times reserve and keep available out of its authorized and unissued Common Stock, solely for issuance upon the conversion of shares of 2014 ESOP Preferred Stock as herein provided, free from any preemptive rights, such number of shares of Common Stock as shall from time to time be issuable upon the conversion of all the shares of 2014 ESOP Preferred Stock then outstanding.

(i) The Company will use its best efforts to cause the listing of the shares of Common Stock required to be delivered upon conversion of the 2014 ESOP Preferred Stock prior to distribution to Plan participants on the national securities exchange, if any, upon which the outstanding Common Stock is listed at the time of such delivery.

(j) The Company will pay any and all documentary stamp or similar issue or transfer taxes payable in respect of the issue or delivery of shares of Common Stock on conversions of the 2014 ESOP Preferred Stock pursuant hereto; provided, however, that the Company shall not be required to pay any tax which may be payable in respect of any transfer involved in the issue or delivery of shares of Common Stock in a name other than that of the holder of the 2014 ESOP Preferred Stock to be converted and no such issue or delivery shall be made unless and until the person requesting such issue or delivery has paid to the Company the amount of any such tax or has established, to the satisfaction of the Company, that such tax has been paid.

5. Redemption At the Option of the Company. (a) The 2014 ESOP Preferred Stock shall be redeemable out of assets legally available therefor, in whole or in part, at the option of the Company at any time, at a redemption price per share of 2014 ESOP Preferred

Stock equal to the higher of (x) $1,000.00 per share, plus an amount equal to all accrued and unpaid dividends thereon to the date fixed for redemption, and (y) the Fair Market Value (as that term is defined in paragraph (d) of this Section 5) per share of 2014 ESOP Preferred Stock on the date fixed for redemption. Payment of the redemption price shall be made by the Company in cash or shares of Common Stock, or a combination thereof, as permitted by paragraph (c) of this Section 5. From and after the date fixed for redemption, dividends on shares of 2014 ESOP Preferred Stock called for redemption will cease to accrue and all rights in respect of such shares of the Company shall cease, except the right to receive the redemption price. Upon payment of the redemption price, such shares shall be deemed to have been transferred to the Company, to be retired as provided in paragraph (a) of Section 1. If the full cumulative dividends have not been paid, or contemporaneously declared and set aside for payment, on all outstanding shares of 2014 ESOP Preferred Stock, the Company may not redeem fewer than all the outstanding shares of 2014 ESOP Preferred Stock pursuant to this Section 5.

(b) Unless otherwise required by law, notice of any redemption pursuant to this Section 5 will be sent to the holders of 2014 ESOP Preferred Stock at the address shown on the books of the Company or any transfer agent for the 2014 ESOP Preferred Stock by hand delivery, by courier, by standard form of telecommunication or by first-class mail (postage prepaid) delivered, sent or mailed, as the case may be, not less than twenty (20) days nor more than sixty (60) days prior to the redemption date. Each such notice shall state: (i) the redemption date; (ii) the total number of shares of the 2014 ESOP Preferred Stock to be redeemed and, if fewer than all the shares held by such holder are to be redeemed, the number of such shares to be redeemed from such holder; (iii) the redemption price; (iv) whether the redemption price shall be paid in cash or in shares of Common Stock, or in a combination of such Common Stock and cash; (v) in the case of certificated 2014 ESOP Preferred Stock the place or places where certificates for such shares are to be surrendered for payment of the redemption price; (vi) that dividends on the shares to be redeemed will cease to accrue on such redemption date; and (vii) the conversion rights of the shares to be redeemed, the period within which conversion rights may be exercised and the manner in which the number of shares of Common Stock issuable upon conversion of a share of 2014 ESOP Preferred Stock will be determined. The Company shall redeem shares so called for redemption and not previously converted at the date fixed for redemption and at the redemption price set forth in this Section 5, provided that, in the case of certificated 2014 ESOP Preferred Stock, the Company shall not be obligated to pay the redemption price until the certificates for the shares to be redeemed are surrendered (properly endorsed or assigned for transfer, if the Board of Directors of the Company shall so require and the notice shall so state).

(c) The Company, at its option, may make payment of the redemption price required upon redemption of shares of 2014 ESOP Preferred Stock in cash or in shares of Common Stock, or in a combination of such Common Stock and cash, any such shares of Common Stock to be valued for such purposes at their Fair Market Value (as defined in paragraph (d)(ii) of this Section 5) or their Current Market Price, in either case as of the date fixed for redemption of the 2014 ESOP Preferred Stock, whichever value will result in the issuance of the greater number of shares of Common Stock to the holder of the 2014 ESOP Preferred Stock then being redeemed.

(d) For purposes of these resolutions, the following terms shall have the meanings set forth below:

(i) "Adjustment Period" shall mean the period of five (5) consecutive Trading Days preceding the date as of which the Fair Market Value of a security is to be determined.

(ii) "Fair Market Value" shall mean, as to shares of Common Stock or any other class of capital stock or securities of the Company or any other issue which are publicly traded, the average of the Current Market Prices of such shares or securities for each day of the Adjustment Period. The "Fair Market Value" of any security which is not publicly traded (other than the 2014 ESOP Preferred Stock) or of any other property shall mean the fair value thereof on the date as of which the Fair Market Value of the security is to be determined, as determined by an independent investment banking or appraisal firm experienced in the valuation of such securities or property selected in good faith by the Board or a committee thereof. The "Fair Market Value" of the 2014 ESOP Preferred Stock for purposes of paragraph (a) of Section 5, and for purposes of paragraph (c) of Section 6 shall mean the fair market value thereof determined by an independent appraiser, appointed by the Trustee of the Plan in accordance with the provisions of the Plan, as of the date fixed for redemption of the 2014 ESOP Preferred Stock (in the case of a redemption pursuant to Section 5) or as of the date specified in paragraph (c) of Section 6 (in the case of a redemption under that section). For purposes of determining the Fair Market Value of the 2014 ESOP Preferred Stock, the independent appraiser shall assume (i) that all dividends on the 2014 ESOP Preferred Stock would have been paid when due, and (ii) that the mandatory conversion of shares of 2014 ESOP Preferred Stock held by the Plan into shares of Common Stock pursuant to Section 4(a) hereof would have occurred when and as payments of principal (together with accrued interest thereon) would have been made by the Trustee of the Plan in accordance with the terms of that certain 2014 ESOP Cumulative Convertible Preferred Stock Note Agreement dated on or about January 10, 2014 between the Company and the Plan (including any amendments or modifications thereto).

6. Consolidation, Merger, etc. (a) If the Company consummates any consolidation or merger or similar business combination, pursuant to which the outstanding shares of Common Stock are by operation of law exchanged solely for or changed, reclassified or converted solely into stock of any successor or resulting corporation (including the Company) that constitutes "qualifying employer securities" with respect to a holder of 2014 ESOP Preferred Stock within the meaning of Section 409(1) of the Internal Revenue Code of 1986, as amended, and Section 407(d)(5) of the Employee Retirement Income Security Act of 1974, as amended, or any successor provisions of law, and, if applicable, for a cash payment in lieu of fractional shares, if any, the shares of 2014 ESOP Preferred Stock of such holder shall, in connection with such consolidation, merger or similar business combination, be assumed by and shall become Preferred Stock of such successor or resulting corporation, having in respect of such corporation, insofar as possible, the same powers, preferences and relative, participating, optional or other special rights (including the redemption rights provided by Sections 5 and 6 hereof), and the

qualifications, limitations or restrictions thereon, that the 2014 ESOP Preferred Stock had immediately prior to such transaction, subject to the following:

(1) After such transaction each share of the 2014 ESOP Preferred Stock shall be convertible, otherwise on the terms and conditions provided by Section 4 hereof, into the number and kind of qualifying employer securities so receivable by a holder of the number of shares of Common Stock into which such shares of 2014 ESOP Preferred Stock could have been converted immediately prior to such transaction.

(2) The Company shall not consummate any such merger, consolidation or similar transaction unless all then outstanding shares of 2014 ESOP Preferred Stock shall be assumed and authorized by the successor or resulting corporation as aforesaid.

(b) If the Company consummates any consolidation or merger or similar business combination, pursuant to which the outstanding shares of Common Stock are by operation of law exchanged for or changed, reclassified or converted into other stock or securities or cash or any other property, or any combination thereof, other than any such consideration which is constituted solely of qualifying employer securities (as referred to in paragraph (a) of this Section 6) and cash payments, if applicable, in lieu of fractional shares, outstanding shares of 2014 ESOP Preferred Stock shall, without any action on the part of the Company or any holder thereof (but subject to paragraph (c) of this Section 6), be automatically converted by virtue of such merger, consolidation or similar transaction immediately prior to such consummation into the number of shares of Common Stock into which such shares of 2014 ESOP Preferred Stock could have been converted at such time so that each share of 2014 ESOP Preferred Stock shall, by virtue of such transaction and on the same terms as apply to the holders of Common Stock, be converted into or exchanged for the aggregate amount of stock, securities, cash or other property (payable in like kind) receivable by a holder of the number of shares of Common Stock into which such shares of 2014 ESOP Preferred Stock could have been converted immediately prior to such transaction. However, if by virtue of the structure of such transaction, a holder of Common Stock is required to make an election with respect to the nature and kind of consideration to be received in such transaction, which election cannot practicably be made by the holders of the 2014 ESOP Preferred Stock, then the shares of 2014 ESOP Preferred Stock shall, by virtue of such transaction and on the same terms as apply to the holders of Common Stock, be converted into or exchanged for the aggregate amount of stock, securities, cash or other property (payable in kind) receivable by a holder of the number of shares of Common Stock into which such shares of 2014 ESOP Preferred Stock could have been converted immediately prior to such transaction if such holder of Common Stock failed to exercise any rights of election as to the kind or amount of stock, securities, cash or other property receivable upon such transaction. If the kind or amount of stock, securities, cash or other property receivable upon such transaction is not the same for each non-electing share, then the kind and amount of stock, securities, cash or other property receivable upon such transaction for each non-electing share shall be the kind and amount so receivable per share by a plurality of the non-electing shares.

(c) In the event the Company shall enter into any agreement providing for any consolidation or merger or similar business combination described in paragraph (b) of this

Section 6 (a "Business Combination"), then the Company shall as soon as practicable thereafter (and in any event at least fifteen (15) Business Days before consummation of such transaction) give notice of such agreement and the material terms thereof to each holder of 2014 ESOP Preferred Stock and each such holder shall have the right to elect, by written notice to the Company, to receive, upon consummation of such transaction (if and when such transaction is consummated), from the Company or the successor of the Company, in redemption and retirement of such 2014 ESOP Preferred Stock, a cash payment per share of 2014 ESOP Preferred Stock equal to the higher of (x) $1,000.00, plus accrued and unpaid dividends thereon to the date of consummation of such transaction or (y) the Fair Market Value per share of 2014 ESOP Preferred Stock, as of the last Business Day (as defined in paragraph (c) of Section 4 hereof) immediately preceding the date the Business Combination is consummated. No such notice of redemption shall be effective unless given to the Company prior to the close of business on the last Business Day prior to consummation of such transaction, unless the Company or the successor of the Company shall waive such prior notice, but any notice of redemption so given prior to such time may be withdrawn by notice of withdrawal given to the Company prior to the close of business on the last Business Day prior to consummation of such transaction.

(d) In the event that a Purchase Offer (as defined below) shall have been made and shall be continuing, each holder of 2014 ESOP Preferred Stock shall have the right to convert shares of 2014 ESOP Preferred Stock into shares of Common Stock at the Conversion Price specified in Section 4(c)(iii)(C) hereof until the date the Purchase Offer is terminated, including without limitation because the original Purchase Offer is withdrawn or because the Purchase Offer has expired and is not renewed, upon notice of such conversion given to the Company not later than the close of business on the date the Purchase Offer terminates (the "Purchase Offer Conversion Period"), unless the Company or any successor of the Company shall waive such prior notice, but any notice of conversion so given may be withdrawn by notice of withdrawal given to the Company prior to the end of the Purchase Offer Conversion Period.

For purposes of this paragraph (d), the following terms shall have the meanings set forth below:

(i) "Beneficial Ownership" shall have the meaning ascribed to it in Rule 13d-3 under the Securities Exchange Act of 1934 (the "Exchange Act") and "person" shall have the meanings specified in Sections 3(a)(9) and 13(d)(3) of the Exchange Act.

(ii) A "Purchase Offer" shall have been made when any person (other than the Company or any affiliate of the Company) shall have "commenced" (as such term is defined in Rule 14d-2 under the Exchange Act) a tender offer or exchange offer to purchase shares of Common Stock, such that, upon consummation of such offer, such person would have Beneficial Ownership (as defined herein) or the right to acquire Beneficial Ownership, of twenty percent (20%) or more of the voting power of the Company.

7. Liquidation Rights. (a) Upon the dissolution, liquidation, or winding up of the Company, the holders of the shares of 2014 ESOP Preferred Stock shall be entitled to receive and to be paid out of the assets of the Company available for distribution to its stockholders, before

any payment or distribution shall be made on or set aside for the Common Stock or any other class of stock ranking junior to 2014 ESOP Preferred Stock and subject to the rights of the holders of the shares of any series or class or classes of stock ranking on parity with or senior to the 2014 ESOP Preferred Stock, the amount of $1,000.00 per share, plus a sum equal to all dividends (whether or not earned or declared) on such shares accrued and unpaid thereon to the date of final distribution.

(b) Neither the sale of all or substantially all the property and assets of the Company, nor the merger, consolidation or other business combination of the Company into or with any other corporation, nor the merger, consolidation or other business combination of any other corporation into or with the Company shall be deemed to be a dissolution, liquidation, or winding up, voluntary or involuntary, for the purposes of this Section 7.

(c) After the payment to the holders of the shares of 2014 ESOP Preferred Stock of the full preferential amounts provided for in this Section 7, the holders of 2014 ESOP Preferred Stock, as such, shall have no right or claim to any of the remaining assets of the Company.

(d) In the event the assets of the Company available for distribution to the holders of shares of 2014 ESOP Preferred Stock upon any dissolution, liquidation, or winding up of the Company, whether voluntary or involuntary, shall be insufficient to pay in full all amounts to which such holders are entitled pursuant to paragraph (a) of this Section 7, no such distribution shall be made on account of any shares of any other series of Preferred Stock or other capital stock of the Company ranking on a parity with the shares of 2014 ESOP Preferred Stock upon such dissolution, liquidation, or winding up unless proportionate distributive amounts shall be paid on account of the shares of 2014 ESOP Preferred Stock, ratably, in proportion to the full distributable amounts for which holders of all such parity shares are respectively entitled upon such dissolution, liquidation, or winding up.

(e) Subject to the rights of the holders of the shares of any series or class or classes of stock ranking on parity with or prior to the shares of 2014 ESOP Preferred Stock upon liquidation, dissolution, or winding up, upon any liquidation, dissolution, or winding up of the Company, after payment shall have been made in full to the holders of the shares of 2014 ESOP Preferred Stock as provided in this Section 7, but not prior thereto, any other series or class or classes of stock ranking junior to the shares of 2014 ESOP Preferred Stock upon liquidation shall, subject to the respective terms and provisions (if any) applying thereto, be entitled to receive any and all assets remaining to be paid or distributed, and the holders of the shares of 2014 ESOP Preferred Stock shall not be entitled to share therein.

8. Ranking. For the purposes of these resolutions, any stock of any series or class or classes of the Company shall be deemed to rank:

(a) prior to the shares of 2014 ESOP Preferred Stock, either as to dividends or upon liquidation, dissolution or winding up, if the holders of such series or class or classes shall be entitled to the receipt of dividends or of amounts distributable upon dissolution, liquidation, or

winding up of the Company, as the case may be, in preference or priority to the holders of shares of 2014 ESOP Preferred Stock;

(b) on a parity with shares of 2014 ESOP Preferred Stock, either as to dividends or upon liquidation, dissolution or winding up, whether or not the dividend rates, dividend payment dates, or redemption or liquidation prices per share, or sinking fund provisions, if any, be different from those of 2014 ESOP Preferred Stock, if the holders of such stock shall be entitled to the receipt of dividends or of amounts distributable upon dissolution, liquidation, or winding up of the Company, as the case may be, in proportion to their respective dividend rates or liquidation prices, without preference or priority, one over the other, as between the holders of such stock and the holders of shares of 2014 ESOP Preferred Stock; and

(c) junior to shares of 2014 ESOP Preferred Stock, either as to dividends or upon liquidation, dissolution or winding up, if such class shall be Common Stock or if the holders of shares of 2014 ESOP Preferred Stock shall be entitled to receipt of dividends or of amounts distributable upon dissolution, liquidation, or winding up of the Company, as the case may be, in preference or priority to the holders of shares of such series or class or classes.

9. Priority of 2014 ESOP Preferred Stock. The shares of 2014 ESOP Preferred Stock will rank on a parity, both as to payment of dividends and the distribution of assets upon liquidation, with the Company's 2005 ESOP Cumulative Convertible Preferred Stock, its 2006 ESOP Cumulative Convertible Preferred Stock, its 2007 ESOP Cumulative Convertible Preferred Stock, its 2008 ESOP Cumulative Convertible Preferred Stock, its 2010 ESOP Cumulative Convertible Preferred Stock, its 2011 ESOP Cumulative Convertible Preferred Stock, its 2012 ESOP Cumulative Convertible Preferred Stock, and its 2013 ESOP Cumulative Convertible Preferred Stock.

IN WITNESS WHEREOF, the Company has caused this Certificate of Designation to be signed by John G. Stumpf, its Chairman, President and Chief Executive Officer, and attested by Jeannine E. Zahn, its Assistant Secretary, on this 8th day of January, 2014.

WELLS FARGO & COMPANY

By /s/ John G. Stumpf
John G. Stumpf
Chairman, President and
Chief Executive Officer

Attest:

/s/ Jeannine E. Zahn
Jeannine E. Zahn
Assistant Secretary

[As filed with the Delaware Secretary of State on January 8, 2014.]

**WELLS FARGO & COMPANY**

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**CERTIFICATE OF DESIGNATION**

Pursuant to Section 151(g) of the

General Corporation Law

of the State of Delaware

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**5.90% FIXED-TO-FLOATING RATE NON-CUMULATIVE PERPETUAL CLASS A PREFERRED STOCK, SERIES S**
**(Without Par Value)**

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WELLS FARGO & COMPANY, a corporation organized and existing under the laws of the State of Delaware (the "*Corporation*"), HEREBY CERTIFIES that, pursuant to authority conferred upon the Board of Directors of the Corporation (the "*Board of Directors*") by the provisions of the Restated Certificate of Incorporation of the Corporation, as amended, which authorize the issuance of not more than 20,000,000 shares of Preferred Stock, without par value, and pursuant to authority conferred upon the Securities Committee of the Board of Directors (the "*Committee*") in accordance with Section 141(c) of the General Corporation Law of the State of Delaware (the "*General Corporation Law*"), the following resolutions were duly adopted by the Committee pursuant to the unanimous written consent of the Committee duly adopted on April 17, 2014, in accordance with Section 141(f) of the General Corporation Law:

**Resolved,** that pursuant to the authority vested in the Committee and in accordance with the resolutions of the Board of Directors dated January 27, 2009, the provisions of the Restated Certificate of Incorporation, the By-laws of the Corporation, and applicable law, a series of Preferred Stock, no par value, of the Corporation be and hereby is created, and that the designation and number of shares of such series, and the voting and other powers, designations, preferences and relative, participating, optional or other rights, and the qualifications, limitations and restrictions thereof, of the shares of such series, are as follows:

**RIGHTS AND PREFERENCES**

**Section 1. Designation**. The shares of such series of Preferred Stock shall be designated 5.90% Fixed-to-Floating Rate Non-Cumulative Perpetual Class A Preferred Stock, Series S, with no par value and a liquidation preference amount of $25,000 per share (the "*Series S Preferred Stock*"). Each share of Series S Preferred Stock shall be identical in all respects to every other share of Series S Preferred Stock except with respect to the date from which dividends may accrue. Series S Preferred Stock will rank equally with Parity Stock with respect to the payment of dividends and distribution of assets in the event of any voluntary or

involuntary liquidation, dissolution or winding up of the affairs of the Corporation and will rank senior to Junior Stock with respect to the payment of dividends and/or the distribution of assets in the event of any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation.

**Section 2. Number of Shares**. The number of authorized shares of Series S Preferred Stock shall be 80,000. Such number may from time to time be increased (but not in excess of the total number of authorized shares of Preferred Stock) or decreased (but not below the number of shares of Series S Preferred Stock then outstanding) by further resolution duly adopted by the Board of Directors of the Corporation or any duly authorized committee of the Board of Directors of the Corporation and by the filing of a certificate pursuant to the provisions of the General Corporation Law stating that such increase or decrease, as the case may be, has been so authorized. The Corporation shall have the authority to issue fractional shares of Series S Preferred Stock.

**Section 3. Definitions**. As used herein with respect to Series S Preferred Stock:

"*Business Day*" means for dividends payable for the Fixed Rate Period (as defined below) any day, other than a Saturday or Sunday, that is neither a legal holiday nor a day on which banking institutions are authorized or required by law or regulation to close in New York, New York, and for dividends payable for the Floating Rate Period (as defined below), it means any date that would be considered a Business Day during the Fixed Rate Period that is also a London Banking Day (as defined below).

"*Calculation Agent*" means Wells Fargo Securities, LLC or any other successor appointed by the Corporation, acting as Calculation Agent.

"*Certificate of Designation*" means this Certificate of Designation relating to the Series S Preferred Stock, as it may be amended from time to time.

*"Common Stock"* means the common stock of the Corporation, par value $1⅔ per share, as the same exists at the date of this Certificate of Designation or as such stock may be constituted from time to time.

"*Depositary Company*" has the meaning set forth in Section 6(d) hereof.

"*Designated LIBOR Page"* means the display on Reuters, or any successor service, on page LIBOR01, or any other page as may replace that page on that service, for the purpose of displaying the London interbank rates for U.S. dollars.

"*Dividend Payment Date*" has the meaning set forth in Section 4(a) hereof.

"*Dividend Period*" has the meaning set forth in Section 4(a) hereof.

"*DTC*" means The Depository Trust Company, together with its successors and assigns.

"*Fixed Rate Period*" has the meaning set forth in Section 4(a) hereof.

"*Floating Rate Period*" has the meaning set forth in Section 4(a) hereof.

*"Junior Stock*" means the Common Stock and any other class or series of stock of the Corporation now existing or hereafter authorized over which the Series S Preferred Stock has preference or priority in the payment of dividends or in the distribution of assets on any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation.

"*LIBOR Determination Date*" means the second London Banking Day immediately preceding the first day of the relevant Dividend Period.

"*Liquidation Preference*" has the meaning set forth in Section 5(a) hereof.

"*London Banking Day*" means any day on which commercial banks and foreign exchange markets settle payments in London.

"*Nonpayment Event*" shall have the meaning set forth in Section 7(b).

"*Parity Stock*" means any other class or series of stock of the Corporation now existing or hereafter authorized that ranks on par with the Series S Preferred Stock in the payment of dividends (whether such dividends are cumulative or non-cumulative) or in the distribution of assets in the event of any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation.

"*Preference Stock*" means any and all series of preference stock, having no par value, of the Corporation.

"*Preferred Stock*" means any and all series of preferred stock, having no par value, of the Corporation, including the Series S Preferred Stock.

"*Preferred Stock Directors*" shall have the meaning set forth in Section 7(b).

"*Regulatory Capital Treatment Event*" means the Corporation's reasonable determination that as a result of any (i) amendment to, clarification of, or change (including any announced prospective change) in, the laws or regulations of the United States or any political subdivision of or in the United States that is enacted or becomes effective on or after April 14, 2014; (ii) proposed change in those laws or regulations that is announced or becomes effective on or after April 14, 2014; or (iii) official administrative decision or judicial decision or administrative action or other official pronouncement interpreting or applying those laws or regulations that is announced on or after April 14, 2014, there is more than an insubstantial risk that the Corporation will not be entitled to treat the full liquidation preference amount of all shares of Series S Preferred Stock then outstanding as Tier 1 capital (or its equivalent) for purposes of the capital adequacy guidelines or regulations of the appropriate federal banking agency, as then in effect and applicable, for as long as any share of Series S Preferred Stock is outstanding.

"*Series S Preferred Stock*" has the meaning set forth in Section 1 hereof.

"*Three-month LIBOR*" means, for any LIBOR Determination Date, the arithmetic mean of the offered rates for deposits in U.S. dollars for a three-month period commencing on the second London Banking Day immediately following that LIBOR Determination Date that appear on the Designated LIBOR Page as of 11:00 a.m., London time, on that LIBOR Determination Date, if at least two offered rates appear on the Designated LIBOR Page, provided that if the specified Designated LIBOR Page by its terms provides only for a single rate, that single rate will be used. If (i) fewer than two offered rates appear or (ii) no rate appears and the Designated LIBOR Page by its terms provides only for a single rate, then the Calculation Agent will request the principal London offices of each of four major banks in the London interbank market, as selected by the Calculation Agent, to provide the Calculation Agent with its offered quotation for deposits in U.S. dollars for a three-month period commencing on the second London Banking Day immediately following that LIBOR Determination Date to prime banks in the London interbank market at approximately 11:00 a.m., London time, on that LIBOR Determination Date and in a principal amount that is representative of a single transaction in U.S. dollars in that market at that time. If at least two quotations are provided, Three-month LIBOR determined on that LIBOR Determination Date will be the arithmetic mean of those quotations. If fewer than two quotations are provided, Three-month LIBOR will be the arithmetic mean of the rates quoted at approximately 11:00 a.m., New York City time, on that LIBOR Determination Date by three major banks in New York City selected by the Calculation Agent for loans in U.S. dollars to leading European banks for a three-month period and in a principal amount that is representative of a single transaction in U.S. dollars in that market at that time. If the banks so selected by the Calculation Agent are not quoting as set forth above, Three-month LIBOR for that LIBOR Determination Date will remain Three-month LIBOR for the immediately preceding Dividend Period or, in the case of the Dividend Period beginning June 15, 2024, 5.90%. All percentages used in or resulting from any calculation of Three-month LIBOR will be rounded, if necessary, to the nearest one hundred-thousandth of a percentages point, with .000005% rounded up to .00001%. The determination of Three-month LIBOR for each relevant Dividend Period by the Calculation Agent will (in the absence of manifest error) be final and binding.

"*Voting Parity Stock*" means any Parity Stock having similar voting rights as the Series S Preferred Stock.

**Section 4. Dividends.**

**(a) Rate**. Dividends on the Series S Preferred Stock will not be mandatory. Holders of Series S Preferred Stock shall be entitled to receive, when, as and if declared by the Board of Directors of the Corporation or any duly authorized committee of the Board of Directors of the Corporation, but only out of assets legally available therefor, non-cumulative cash dividends on the liquidation preference amount of $25,000 per share of the Series S Preferred Stock, payable (i) from April 22, 2014 to, but excluding, June 15, 2024 (the "*Fixed Rate Period*"), semi-annually in arrears on the 15th day of each June and December, commencing December 15, 2014 at an annual rate of 5.90%, and (ii) from, and including, June 15, 2024 (the "*Floating Rate Period*"), quarterly in arrears on the 15th day of each March, June, September and December, commencing September 15, 2024, at an annual rate equal to Three-month LIBOR plus 3.11%. Notwithstanding the foregoing, if any date on or prior to June 15, 2024 on which dividends

otherwise would be payable is not a Business Day, then payment of any dividend otherwise payable on that date will be made on the next succeeding day that is a Business Day, without any interest or other payment in respect of such delay, and if any date after June 15, 2024 on which dividends otherwise would be payable is not a Business Day, then payment of any dividend otherwise payable on that date will be made on the next succeeding Business Day unless that day falls in the next calendar month, in which case payment of any dividend otherwise payable on that date will be the immediately preceding Business Day, and dividends will accrue to the actual payment date (each such day on which dividends are payable a "*Dividend Payment Date*"). A "*Dividend Period*" means the period from, and including, a Dividend Payment Date to, but excluding, the next succeeding Dividend Payment Date, except for the initial Dividend Period, which will be the period from, and including, April 22, 2014 to, but excluding, December 15, 2014. The record date for payment of dividends on the Series S Preferred Stock shall be the last Business Day of the calendar month immediately preceding the month during which the Dividend Payment Date falls or such other date as determined by the Corporation's Board of Directors. The amount of dividends payable for the Fixed Rate Period shall be computed on the basis of a 360-day year of twelve 30-day months. The amount of dividends payable for the Floating Rate Period shall be computed on the basis of a 360-day year and the actual number of days elapsed. Dollar amounts resulting from that calculation will be rounded to the nearest cent, with one-half cent being rounded upward. The Calculation Agent's determination of any dividend rate, and its calculation of the amount of dividends payable for the Floating Rate Period, will be maintained on file at the Calculation Agent's principal offices.

**(b) Non-Cumulative Dividends**. Dividends on shares of Series S Preferred Stock shall be non-cumulative. To the extent that any dividends payable on the shares of Series S Preferred Stock on any Dividend Payment Date are not declared prior to such Dividend Payment Date, then such dividends shall not cumulate and shall cease to accrue and be payable, and the Corporation shall have no obligation to pay, and the holders of Series S Preferred Stock shall have no right to receive, dividends accrued for such Dividend Period on the Dividend Payment Date for such Dividend Period or at any time in the future or interest with respect to such dividends, whether or not dividends are declared for any subsequent Dividend Period with respect to Series S Preferred Stock or any other series of authorized Preferred Stock, Preference Stock, or Common Stock of the Corporation.

**(c) Priority of Dividends**. So long as any shares of Series S Preferred Stock remain outstanding,

(1) no dividend shall be declared and paid or set aside for payment and no distribution shall be declared and made or set aside for payment on any Common Stock, and no shares of Common Stock shall be repurchased, redeemed or otherwise acquired for consideration by the Corporation, directly or indirectly, nor shall any monies be paid to or made available for a sinking fund for the redemption of any such Common Stock by the Corporation (other than (i) a dividend payable in Common Stock or (ii) the acquisition of shares of Common Stock in exchange for, or through application of proceeds of the sale of, shares of Common Stock);

(2) no dividend shall be declared and paid or set aside for payment and no distribution shall be declared and made or set aside for payment on any Junior Stock other than Common Stock, and no shares of Junior Stock other than Common Stock shall be repurchased, redeemed or otherwise acquired for consideration by the Corporation, directly or indirectly, nor shall any monies be paid to or made available for a sinking fund for the redemption of any such Junior Stock other than Common Stock by the Corporation (other than (i) a dividend payable solely in shares of Junior Stock, (ii) any dividend in connection with the implementation of a stockholder rights plan, or the redemption or repurchase of any rights under any such plan, (iii) any dividend in the form of stock, warrants, options or other rights where the dividend stock or stock issuable upon exercise of such warrants, options or other rights is the same stock as that on which the dividend is being paid or ranks equally with or junior to such stock, (iv) as a result of a reclassification of Junior Stock other than Common Stock for or into other Junior Stock, (v) the exchange or conversion of one share of Junior Stock other than Common Stock for or into another share of Junior Stock, (vi) through the use of proceeds of a substantially contemporaneous sale of other shares of Junior Stock, (vii) any purchase, redemption or other acquisition of Junior Stock other than Common Stock pursuant to any of the Corporation's or any of its subsidiaries' employee, consultant or director incentive or benefit plans or arrangements (including any employment, severance or consulting arrangements) adopted before or after April 14, 2014, (viii) any purchase of fractional interests in shares of Junior Stock other than Common Stock pursuant to the conversion or exchange provisions of such Junior Stock other than Common Stock or the securities being converted or exchanged, (ix) the purchase of Junior Stock other than Common Stock by Wells Fargo Securities, LLC, or any other affiliate of the Corporation, in connection with the distribution thereof or (x) the purchase of Junior Stock other than Common Stock by Wells Fargo Securities, LLC, or any other affiliate of the Corporation, in connection with market-making or other secondary market activities in the ordinary course of business); and

(3) no shares of Parity Stock will be repurchased, redeemed or otherwise acquired for consideration by the Corporation otherwise than pursuant to *pro rata* offers to purchase all, or a *pro rata* portion, of the Series S Preferred Stock and such Parity Stock during a Dividend Period (other than (i) as a result of a reclassification of Parity Stock for or into other Parity Stock or Junior Stock, (ii) the exchange or conversion of one share of Parity Stock for or into another share of Parity Stock or Junior Stock, (iii) through the use of proceeds of a substantially contemporaneous sale of other shares of Parity Stock or Junior Stock, (iv) any purchase, redemption or other acquisition of Parity Stock pursuant to any of the Corporation's or any of its subsidiaries' employee, consultant or director incentive or benefit plans or arrangements (including any employment, severance or consulting arrangements) adopted before or after April 14, 2014, (v) any purchase of fractional interests in shares of Parity Stock pursuant to the conversion or exchange provisions of such Parity Stock or the securities being converted or exchanged, (vi) the purchase of Parity Stock by Wells Fargo Securities, LLC, or any other affiliate of the Corporation, in connection with the distribution thereof or (vii) the purchase of Parity Stock by Wells Fargo Securities, LLC, or any other affiliate of the Corporation, in connection with market-making or other secondary market activities in the ordinary course of business),

unless, in each case, the full dividends for the then-current Dividend Period on all outstanding shares of the Series S Preferred Stock have been declared and paid or declared and a sum sufficient for the payment of those dividends has been set aside.

Subject to the succeeding sentence, for so long as any shares of Series S Preferred Stock remain outstanding, no dividends shall be declared, paid, or set aside for payment on any Parity Stock for any period unless full dividends on all outstanding shares of Series S Preferred Stock for the then-current Dividend Period have been paid in full or declared and a sum sufficient for the payment thereof set aside. To the extent the Corporation declares dividends on the Series S Preferred Stock and on any Parity Stock but cannot make full payment of those declared dividends, the Corporation will allocate the dividend payments on a proportional basis among the holders of shares of Series S Preferred Stock and the holders of any Parity Stock then outstanding where the terms of such Parity Stock provide similar dividend rights.

Subject to the foregoing, and not otherwise, such dividends (payable in cash, stock or otherwise) as may be determined by the Board of Directors of the Corporation or any duly authorized committee of the Board of Directors of the Corporation may be declared and paid on the Common Stock and any other stock that is Parity Stock or Junior Stock, from time to time out of any assets legally available for such payment, and the shares of Series S Preferred Stock shall not be entitled to participate in any such dividends.

**Section 5. Liquidation Rights.**

**(a) Liquidation**. In the event of any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation, holders of Series S Preferred Stock shall be entitled to receive in full out of assets available for distribution to its stockholders before any distribution or payment out of the assets of the Corporation may be made to or set aside for the holders of the Common Stock or any other Junior Stock, and subject to the rights of the holders of Parity Stock or any stock of the Corporation ranking senior to the Series S Preferred Stock as to such distribution, a liquidating distribution in the amount of $25,000 per share, plus an amount equal to any dividends which have been declared but not yet paid, without accumulation of any undeclared dividends, to the date of liquidation (the "*Liquidation Preference*"). The holders of Series S Preferred Stock shall not be entitled to any further payments in the event of any such voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation other than what is expressly provided for in this Section 5.

**(b) Partial Payment**. If the assets of the Corporation are not sufficient to pay in full the Liquidation Preference to all holders of Series S Preferred Stock and all holders of any Parity Stock, the amounts paid to the holders of Series S Preferred Stock and to the holders of all Parity Stock shall be *pro rata* in accordance with the respective aggregate liquidation preference of Series S Preferred Stock and all such Parity Stock.

**(c) Residual Distributions**. If the Liquidation Preference has been paid in full to all holders of Series S Preferred Stock and all other amounts payable upon liquidation, dissolution or winding up of the Corporation have been paid in full to all holders of any Parity Stock, the

holders of Common Stock and any other Junior Stock shall be entitled to receive all remaining assets of the Corporation according to their respective rights and preferences.

**(d) Merger, Consolidation and Sale of Assets Not Liquidation**. For purposes of this Section 5, the sale, conveyance, exchange or transfer (for cash, shares of stock, securities or other consideration) of all or substantially all of the property and assets of the Corporation shall not be deemed a voluntary or involuntary dissolution, liquidation or winding up of the affairs of the Corporation, nor shall the merger, consolidation or any other business combination transaction of the Corporation into or with any other corporation or person or the merger, consolidation or any other business combination transaction of any other corporation or person into or with the Corporation be deemed to be a voluntary or involuntary dissolution, liquidation or winding up of the affairs of the Corporation.

**Section 6. Redemption.**

**(a) Optional Redemption**. The Corporation, at the option of its Board of Directors or any duly authorized committee of the Board of Directors of the Corporation, may redeem, subject to the prior approval of the Federal Reserve Board, out of funds legally available therefor, in whole or in part, the shares of Series S Preferred Stock at the time outstanding, at any time on any Dividend Payment Date on or after June 15, 2024, upon notice given as provided in Section 6(b) below. The redemption price for shares of Series S Preferred Stock shall be $25,000 per share plus an amount equal to any dividends that have been declared but not paid up to the redemption date without accumulation of any undeclared dividends.

Notwithstanding the foregoing, within 90 days of the Corporation's good faith determination that a Regulatory Capital Treatment Event has occurred, the Corporation, at the option of its Board of Directors or any duly authorized committee of the Board of Directors of the Corporation, may, subject to the approval of the appropriate federal banking agency, redeem out of funds legally available therefor, in whole, but not in part, the shares of Series S Preferred Stock at the time outstanding, prior to June 15, 2024, upon notice given as provided in Section 6(b) below. The redemption price for shares of Series S Preferred Stock shall be $25,000 per share plus an amount equal to any dividends that have been declared but not paid, without accumulation of any undeclared dividends.

**(b) Notice of Redemption**. Notice of every redemption of shares of Series S Preferred Stock shall be mailed by first class mail, postage prepaid, addressed to the holders of record of such shares to be redeemed at their respective last addresses appearing on the stock register of the Corporation. Such mailing shall be at least 40 days and not more than 70 days before the date fixed for redemption. Any notice mailed as provided in this Section 6(b) shall be conclusively presumed to have been duly given, whether or not the holder receives such notice, but failure duly to give such notice by mail, or any defect in such notice or in the mailing thereof, to any holder of shares of Series S Preferred Stock designated for redemption shall not affect the validity of the proceedings for the redemption of any other shares of Series S Preferred Stock. Each notice shall state (i) the redemption date; (ii) the number of shares of Series S Preferred Stock to be redeemed and, if fewer than all the shares held by such holder are to be redeemed, if applicable, the number of such shares to be redeemed from such holder; (iii) the redemption

price; (iv) the place or places where the certificates for those shares are to be surrendered for payment of the redemption price; and (v) that dividends on the shares to be redeemed will cease to accrue on the redemption date. Notwithstanding the foregoing, if the Series S Preferred Stock is held in book-entry form through DTC, the Corporation may give such notice in any manner permitted by DTC.

**(c) Partial Redemption**. In case of any redemption of only part of the shares of Series S Preferred Stock at the time outstanding, the shares of Series S Preferred Stock to be redeemed shall be selected either *pro rata* from the holders of record of Series S Preferred Stock in proportion to the number of Series S Preferred Stock held by such holders as the Board of Directors of the Corporation or any duly authorized committee of the Board of Directors of the Corporation may determine to be fair and equitable. Subject to the provisions of this Section 6, the Board of Directors of the Corporation or any duly authorized committee of the Board of Directors shall have full power and authority to prescribe the terms and conditions upon which shares of Series S Preferred Stock shall be redeemed from time to time.

**(d) Effectiveness of Redemption**. If notice of redemption has been duly given and if on or before the redemption date specified in the notice all funds necessary for the redemption have been irrevocably set aside by the Corporation, separate and apart from its other assets, in trust for the *pro rata* benefit of the holders of the shares called for redemption, so as to be and continue to be available therefor, or deposited by the Corporation with a bank or trust company selected by the Board of Directors of the Corporation or any duly authorized committee of the Board of Directors (the "*Depositary Company*") in trust for the *pro rata* benefit of the holders of the shares called for redemption, then, notwithstanding that any certificate for any share so called for redemption has not been surrendered for cancellation, on and after the redemption date all shares so called for redemption shall cease to be outstanding, all dividends with respect to such shares shall cease to accrue after such redemption date, and all rights with respect to such shares shall forthwith on such redemption date cease and terminate, except only the right of the holders thereof to receive the amount payable on such redemption from the Depository Company at any time after the redemption date from the funds so deposited, without interest. The Corporation shall be entitled to receive, from time to time, from the Depositary Company any interest accrued on such funds, and the holders of any shares called for redemption shall have no claim to any such interest. Any funds so deposited and unclaimed at the end of two years from the redemption date shall, to the extent permitted by law, be released or repaid to the Corporation, after which time the holders of the shares so called for redemption shall look only to the Corporation for payment of the redemption price of such shares.

**Section 7. Voting Rights.**

**(a) General.** The holders of Series S Preferred Stock shall not be entitled to vote on any matter except as set forth in paragraph 7(b) below or as required by applicable law.

**(b) Right To Elect Two Directors Upon Nonpayment Events.** Whenever dividends payable on any shares of Series S Preferred Stock or any class or series of Voting Parity Stock have not been declared and paid in an aggregate amount equal to, as to any class or series, at least three semi-annual Dividend Periods or their equivalent, whether or not for consecutive

Dividend Periods (a "*Nonpayment Event*"), the holders of the outstanding Series S Preferred Stock, voting together as a class with holders of Voting Parity Stock whose voting rights are exercisable, will be entitled to vote for the election of two additional directors of the Corporation's Board of Directors at the Corporation's next annual meeting of stockholders and at each subsequent annual meeting of stockholders (the "*Preferred Stock Directors*") by a plurality of the votes cast; *provided* that the Board of Directors shall at no time include more than two Preferred Stock Directors (including, for purposes of this limitation, all directors that the holders of any series of Voting Parity Stock are entitled to elect pursuant to like voting rights). Upon the vesting of such right of such holders, the maximum authorized number of members of the Board of Directors shall automatically be increased by two and the two vacancies so created shall be filled by vote of the holders of the outstanding Series S Preferred Stock (together with the holders of shares of any one or more other series of Voting Parity Stock). At elections for such directors, each holder of the Series S Preferred Stock shall be entitled to 25 votes for each share held (the holders of shares of any other series of Voting Parity Stock being entitled to such number of votes, if any, for each share of such stock as may be granted to them). The right of the holders of the Series S Preferred Stock (voting together as a class with the holders of shares of any one or more other series of Voting Parity Stock) to elect Preferred Stock Directors shall continue until such time as the Corporation has paid in full dividends for the equivalent of at least two semi-annual Dividend Periods or their equivalent, at which time such right with respect to the Series S Preferred Stock shall terminate, except as provided by law, and subject to revesting in the event of each and every subsequent default of the character described in this Section 7(b).

Upon any termination of the right of the holders of all shares of Series S Preferred Stock and Voting Parity Stock to vote for Preferred Stock Directors, the term of office of all Preferred Stock Directors then in office elected by only those holders voting as a class shall terminate immediately. Any Preferred Stock Director may be removed at any time without cause by the holders of a majority of the outstanding shares of Series S Preferred Stock and Voting Parity Stock, when they have the voting rights described above (voting together as a class). In case any vacancy shall occur among the Preferred Stock Directors, a successor may be elected by a plurality of the votes cast by the holders of Series S Preferred Stock and Voting Parity Stock having the voting rights described above, voting together as a class, unless the vacancy has already been filled. The Preferred Stock Directors shall each be entitled to one vote per director on any matter that shall come before the Board of Directors for a vote. Whenever the term of office of the directors elected by such holders voting as a class shall end and the special voting powers vested in such holders as provided in this Section 7(b) shall have expired, the number of directors shall be such number as may be provided for in the By-Laws irrespective of any increase made pursuant to this Section 7(b).

**(c) Other Voting Rights**. In addition to any other vote required by law or the Restated Certificate of Incorporation, so long as any shares of the Series S Preferred Stock remain outstanding, the vote or consent of the holders of the outstanding shares of Series S Preferred Stock and outstanding shares of all other series of Voting Parity Stock entitled to vote on the matter, by a vote of at least 66 2/3% in voting power of all such outstanding Series S Preferred Stock and such Voting Parity Stock, voting together as a class, given in person or by

proxy, either in writing without a meeting or at any meeting called for the purpose, shall be necessary to permit, effect or validate any one or more of the following actions, whether or not such approval is required by Delaware law: (i) the issuance of any class or series of Preferred Stock or Preference Stock ranking senior to the Series S Preferred Stock in the payment of dividends or the distribution of assets in the event of the Corporation's voluntary or involuntary liquidation, dissolution or winding up; (ii) any amendment, alteration or repeal of any provision of the Restated Certificate of Incorporation, including the Certificate of Designation, or the Bylaws that would adversely affect the rights, preferences, privileges or voting powers of the Series S Preferred Stock; (iii) any amendment or alteration of the Restated Certificate of Incorporation, including the Certificate of Designation, or Bylaws to authorize, create, or increase the authorized amount of, any shares of, or any securities convertible into shares of, any class or series of the Corporation's capital stock ranking senior to the Series S Preferred Stock with respect to either the payment of dividends or in the distribution of assets in the event of the Corporation's voluntary or involuntary liquidation, dissolution or winding up; or (iv) any consummation of a reclassification involving the Series S Preferred Stock or a merger or consolidation with another corporation or other entity, except holders of the Series S Preferred Stock will have no right to vote under this section 7(c)(iv) if in each case (a) the shares of Series S Preferred Stock remain outstanding or, in the case of any such merger or consolidation with respect to which the Corporation is not the surviving or resulting entity, are converted into or exchanged for preference securities of the surviving or resulting entity or its ultimate parent, and (b) such shares of Series S Preferred Stock remaining outstanding or such preference securities, as the case may be, have such rights, preferences, privileges and voting powers, taken as a whole, as are not materially less favorable to the holders thereof than the rights, preferences, privileges and voting powers of the Series S Preferred Stock, taken as a whole; *provided, however*, that any authorization, creation or increase in the authorized amount of or issuance of the Series S Preferred Stock or any Parity Stock or Junior Stock or any securities convertible into any class or series of Parity Stock (whether dividends payable in respect of such Parity Stock are cumulative or non-cumulative) or Junior Stock will be deemed not to adversely affect the rights, preferences, privileges or voting powers of the Series S Preferred Stock, and holders of the Series S Preferred Stock shall have no right to vote thereon.

If any amendment, alteration, repeal, reclassification, merger or consolidation specified in this Section 7(c) would adversely affect one or more but not all series of voting Preferred Stock (including the Series S Preferred Stock), then only those series affected by and entitled to vote on the matter shall vote on the matter together as a class (in lieu of all other series of Preferred Stock).

Each holder of the Series S Preferred Stock will have 25 votes per share on any matter on which holders of the Series S Preferred Stock are entitled to vote, whether separately or together with any other series of stock of the Corporation (the holders of any shares of any other series of stock being entitled to such number of votes, if any, for each share of stock as may be granted to them), pursuant to Delaware law or otherwise, including by written consent.

**(d) Changes after Provision for Redemption**. No vote or consent of the holders of Series S Preferred Stock shall be required pursuant to Section 7(b) or (c) above if, at or prior to the time when any such vote or consent would otherwise be required pursuant to such Section,

all outstanding Series S Preferred Stock shall have been redeemed, or notice of redemption has been given and sufficient funds shall have been irrevocably deposited in trust to effect such redemption.

**(e) Procedures for Voting and Consents.** The rules and procedures for calling and conducting any meeting of the holders of Series S Preferred Stock (including, without limitation, the fixing of a record date in connection therewith), the solicitation and use of proxies at such a meeting, the obtaining of written consents and any other aspect or matter with regard to such a meeting or such consents shall be governed by any rules the Board of Directors, in its discretion, may adopt from time to time, which rules and procedures shall conform to the requirements of the Restated Certificate of Incorporation, the Bylaws and applicable law.

**Section 8. Preemption and Conversion**. The holders of Series S Preferred Stock shall not have any rights of preemption or rights to convert such Series S Preferred Stock into shares of any other class of capital stock of the Corporation.

**Section 9. Reacquired Shares**. Shares of Series S Preferred Stock which have been issued and redeemed or otherwise purchased or acquired by the Corporation shall be restored to the status of authorized but unissued shares of Preferred Stock without designation as to series.

**Section 10. No Sinking Fund**. Shares of Series S Preferred Stock are not subject to the operation of a sinking fund.

**Section 11. Additional Classes or Series of Stock**. Notwithstanding anything set forth in the Restated Certificate of Incorporation or this Certificate of Designation to the contrary, the Board of Directors of the Corporation, or any authorized committee of the Board of Directors of the Corporation, (i) without the vote of the holders of the Series S Preferred Stock, may authorize and issue additional shares of Junior Stock and Parity Stock and (ii) with the requisite vote of the holders of the Series S Preferred Stock and Parity Stock entitled to vote thereon, may authorize and issue any additional class or series of Preferred Stock or Preference Stock senior to the Series S Preferred Stock as to the payment of dividends and/or the distribution of assets upon any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation.

**In Witness Whereof, Wells Fargo & Company** has caused this Certificate of Designation to be signed by Barbara S. Brett, its Senior Vice President and Assistant Treasurer, and Jeannine E. Zahn, its Assistant Secretary, this 17th day of April, 2014.

**Wells Fargo & Company**

By: /s/ Barbara S. Brett
Barbara S. Brett, Senior Vice President and Assistant Treasurer

/s/ Jeannine E. Zahn
Jeannine E. Zahn, Assistant Secretary

[As filed with the Delaware Secretary of State on April 21, 2014.]

**WELLS FARGO & COMPANY**

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**CERTIFICATE OF DESIGNATION**

Pursuant to Section 151(g) of the

General Corporation Law

of the State of Delaware

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**NON-CUMULATIVE PERPETUAL CLASS A PREFERRED STOCK, SERIES T**
**(Without Par Value)**

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WELLS FARGO & COMPANY, a corporation organized and existing under the laws of the State of Delaware (the "*Corporation*"), HEREBY CERTIFIES that, pursuant to authority conferred upon the Board of Directors of the Corporation (the "*Board of Directors*") by the provisions of the Restated Certificate of Incorporation of the Corporation, as amended, which authorize the issuance of not more than 20,000,000 shares of Preferred Stock, without par value, and pursuant to authority conferred upon the Securities Committee of the Board of Directors (the "*Committee*") in accordance with Section 141(c) of the General Corporation Law of the State of Delaware (the "*General Corporation Law*"), the following resolutions were duly adopted by the Committee pursuant to the unanimous written consent of the Committee duly adopted on July 18, 2014, in accordance with Section 141(f) of the General Corporation Law:

**Resolved,** that pursuant to the authority vested in the Committee and in accordance with the resolutions of the Board of Directors dated April 29, 2014, the provisions of the Restated Certificate of Incorporation, the By-laws of the Corporation, and applicable law, a series of Preferred Stock, no par value, of the Corporation be and hereby is created, and that the designation and number of shares of such series, and the voting and other powers, designations, preferences and relative, participating, optional or other rights, and the qualifications, limitations and restrictions thereof, of the shares of such series, are as follows:

**RIGHTS AND PREFERENCES**

**Section 1. Designation**. The shares of such series of Preferred Stock shall be designated Non-Cumulative Perpetual Class A Preferred Stock, Series T, with no par value and a liquidation preference amount of $25,000 per share (the "*Series T Preferred Stock*"). Each share of Series T Preferred Stock shall be identical in all respects to every other share of Series T Preferred Stock except with respect to the date from which dividends may accrue. Series T Preferred Stock will rank equally with Parity Stock with respect to the payment of dividends and distribution of assets in the event of any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation and will rank senior to Junior Stock with respect to the payment of dividends and/or the distribution of assets in the event of any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation.

**Section 2. Number of Shares**. The number of authorized shares of Series T Preferred Stock shall be 32,200. Such number may from time to time be increased (but not in excess of the total number of authorized shares of Preferred Stock) or decreased (but not below the number of shares of Series T Preferred Stock then outstanding) by further resolution duly adopted by the Board of Directors of the Corporation or any duly authorized committee of the Board of Directors of the Corporation and by the filing of a certificate pursuant to the provisions of the General Corporation Law stating that such increase or decrease, as the case may be, has been so authorized. The Corporation shall have the authority to issue fractional shares of Series T Preferred Stock.

**Section 3. Definitions**. As used herein with respect to Series T Preferred Stock:

"*Business Day*" means any day, other than a Saturday or Sunday, that is neither a legal holiday nor a day on which banking institutions are authorized or required by law or regulation to close in New York, New York.

"*Certificate of Designation*" means this Certificate of Designation relating to the Series T Preferred Stock, as it may be amended from time to time.

*"Common Stock"* means the common stock of the Corporation, par value $1⅔ per share, as the same exists at the date of this Certificate of Designation or as such stock may be constituted from time to time.

"*Depositary Company*" has the meaning set forth in Section 6(d) hereof.

"*Dividend Payment Date*" has the meaning set forth in Section 4(a) hereof.

"*Dividend Period*" has the meaning set forth in Section 4(a) hereof.

"*DTC*" means The Depository Trust Company, together with its successors and assigns.

*"Junior Stock*" means the Common Stock and any other class or series of stock of the Corporation now existing or hereafter authorized over which the Series T Preferred Stock has preference or priority in the payment of dividends or in the distribution of assets on any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation.

"*Liquidation Preference*" has the meaning set forth in Section 5(a) hereof.

"*Nonpayment Event*" shall have the meaning set forth in Section 7(b).

"*Parity Stock*" means any other class or series of stock of the Corporation now existing or hereafter authorized that ranks on par with the Series T Preferred Stock in the payment of dividends (whether such dividends are cumulative or non-cumulative) or in the distribution of assets in the event of any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation.

"*Preference Stock*" means any and all series of preference stock, having no par value, of the Corporation.

"*Preferred Stock*" means any and all series of preferred stock, having no par value, of the Corporation, including the Series T Preferred Stock.

"*Preferred Stock Directors*" shall have the meaning set forth in Section 7(b).

"*Regulatory Capital Treatment Event*" means the Corporation's reasonable determination that as a result of any (i) amendment to, clarification of, or change (including any announced prospective change) in, the laws or regulations of the United States or any political subdivision of or in the United States that is enacted or becomes effective on or after July 14, 2014; (ii) proposed change in those laws or regulations that is announced or becomes effective on or after July 14, 2014; or (iii) official administrative decision or judicial decision or administrative action or other official pronouncement interpreting or applying those laws or regulations that is announced on or after July 14, 2014, there is more than an insubstantial risk that the Corporation will not be entitled to treat the full liquidation preference amount of all shares of Series T Preferred Stock then outstanding as Tier 1 capital (or its equivalent) for purposes of the capital adequacy guidelines or regulations of the appropriate federal banking agency, as then in effect and applicable, for as long as any share of Series T Preferred Stock is outstanding.

"*Series T Preferred Stock*" has the meaning set forth in Section 1 hereof.

"*Voting Parity Stock*" means any Parity Stock having similar voting rights as the Series T Preferred Stock.

**Section 4. Dividends.**

**(a) Rate**. Dividends on the Series T Preferred Stock will not be mandatory. Holders of Series T Preferred Stock shall be entitled to receive, when, as and if declared by the Board of Directors of the Corporation or any duly authorized committee of the Board of Directors of the Corporation, but only out of assets legally available therefor, non-cumulative cash dividends on the liquidation preference amount of $25,000 per share of the Series T Preferred Stock, payable quarterly in arrears on the 15th day of March, June, September and December of each year (commencing on September 15, 2014); provided, however, if any such day is not a Business Day, then payment of any dividend otherwise payable on that date will be made on the next succeeding day that is a Business Day, without any interest or other payment in respect of such delay (each such day on which dividends are payable a "*Dividend Payment Date*"). A "*Dividend Period*" means the period from, and including, a Dividend Payment Date to, but excluding, the next succeeding Dividend Payment Date, except for the initial Dividend Period, which will be the period from, and including, July 21, 2014 to, but excluding, September 15, 2014. Dividends on each share of Series T Preferred Stock will accrue at a rate *per annum* equal to 6.00%. The record date for payment of dividends on the Series T Preferred Stock shall be the last Business Day of the calendar month immediately preceding the month during which the Dividend Payment Date falls or such other date as determined by the Corporation's Board of Directors. The amount of dividends payable shall be computed on the basis of a 360-day year of twelve 30-

day months. Dollar amounts resulting from that calculation will be rounded to the nearest cent, with one-half cent being rounded upward.

**(b) Non-Cumulative Dividends**. Dividends on shares of Series T Preferred Stock shall be non-cumulative. To the extent that any dividends payable on the shares of Series T Preferred Stock on any Dividend Payment Date are not declared prior to such Dividend Payment Date, then such dividends shall not cumulate and shall cease to accrue and be payable, and the Corporation shall have no obligation to pay, and the holders of Series T Preferred Stock shall have no right to receive, dividends accrued for such Dividend Period on the Dividend Payment Date for such Dividend Period or at any time in the future or interest with respect to such dividends, whether or not dividends are declared for any subsequent Dividend Period with respect to Series T Preferred Stock or any other series of authorized Preferred Stock, Preference Stock, or Common Stock of the Corporation.

**(c) Priority of Dividends**. So long as any shares of Series T Preferred Stock remain outstanding,

(1) no dividend shall be declared and paid or set aside for payment and no distribution shall be declared and made or set aside for payment on any Common Stock, and no shares of Common Stock shall be repurchased, redeemed or otherwise acquired for consideration by the Corporation, directly or indirectly, nor shall any monies be paid to or made available for a sinking fund for the redemption of any such Common Stock by the Corporation (other than (i) a dividend payable in Common Stock or (ii) the acquisition of shares of Common Stock in exchange for, or through application of proceeds of the sale of, shares of Common Stock);

(2) no dividend shall be declared and paid or set aside for payment and no distribution shall be declared and made or set aside for payment on any Junior Stock other than Common Stock, and no shares of Junior Stock other than Common Stock shall be repurchased, redeemed or otherwise acquired for consideration by the Corporation, directly or indirectly, nor shall any monies be paid to or made available for a sinking fund for the redemption of any such Junior Stock other than Common Stock by the Corporation (other than (i) a dividend payable solely in shares of Junior Stock, (ii) any dividend in connection with the implementation of a stockholder rights plan, or the redemption or repurchase of any rights under any such plan, (iii) any dividend in the form of stock, warrants, options or other rights where the dividend stock or stock issuable upon exercise of such warrants, options or other rights is the same stock as that on which the dividend is being paid or ranks equally with or junior to such stock, (iv) as a result of a reclassification of Junior Stock other than Common Stock for or into other Junior Stock, (v) the exchange or conversion of one share of Junior Stock other than Common Stock for or into another share of Junior Stock, (vi) through the use of proceeds of a substantially contemporaneous sale of other shares of Junior Stock, (vii) any purchase, redemption or other acquisition of Junior Stock other than Common Stock pursuant to any of the Corporation's or any of its subsidiaries' employee, consultant or director incentive or benefit plans or arrangements (including any employment, severance or consulting arrangements) adopted before or after July 14, 2014, (viii) any purchase of fractional interests in shares of Junior Stock other than Common Stock pursuant to the conversion or exchange provisions of such Junior Stock

other than Common Stock or the securities being converted or exchanged, (ix) the purchase of Junior Stock other than Common Stock by Wells Fargo Securities, LLC, or any other affiliate of the Corporation, in connection with the distribution thereof or (x) the purchase of Junior Stock other than Common Stock by Wells Fargo Securities, LLC, or any other affiliate of the Corporation, in connection with market-making or other secondary market activities in the ordinary course of business); and

(3) no shares of Parity Stock will be repurchased, redeemed or otherwise acquired for consideration by the Corporation otherwise than pursuant to *pro rata* offers to purchase all, or a *pro rata* portion, of the Series T Preferred Stock and such Parity Stock during a Dividend Period (other than (i) as a result of a reclassification of Parity Stock for or into other Parity Stock or Junior Stock, (ii) the exchange or conversion of one share of Parity Stock for or into another share of Parity Stock or Junior Stock, (iii) through the use of proceeds of a substantially contemporaneous sale of other shares of Parity Stock or Junior Stock, (iv) any purchase, redemption or other acquisition of Parity Stock pursuant to any of the Corporation's or any of its subsidiaries' employee, consultant or director incentive or benefit plans or arrangements (including any employment, severance or consulting arrangements) adopted before or after July 14, 2014, (v) any purchase of fractional interests in shares of Parity Stock pursuant to the conversion or exchange provisions of such Parity Stock or the securities being converted or exchanged, (vi) the purchase of Parity Stock by Wells Fargo Securities, LLC, or any other affiliate of the Corporation, in connection with the distribution thereof or (vii) the purchase of Parity Stock by Wells Fargo Securities, LLC, or any other affiliate of the Corporation, in connection with market-making or other secondary market activities in the ordinary course of business), unless, in each case, the full dividends for the then-current Dividend Period on all outstanding shares of the Series T Preferred Stock have been declared and paid or declared and a sum sufficient for the payment of those dividends has been set aside.

Subject to the succeeding sentence, for so long as any shares of Series T Preferred Stock remain outstanding, no dividends shall be declared, paid, or set aside for payment on any Parity Stock for any period unless full dividends on all outstanding shares of Series T Preferred Stock for the then-current Dividend Period have been paid in full or declared and a sum sufficient for the payment thereof set aside. To the extent the Corporation declares dividends on the Series T Preferred Stock and on any Parity Stock but cannot make full payment of those declared dividends, the Corporation will allocate the dividend payments on a proportional basis among the holders of shares of Series T Preferred Stock and the holders of any Parity Stock then outstanding where the terms of such Parity Stock provide similar dividend rights.

Subject to the foregoing, and not otherwise, such dividends (payable in cash, stock or otherwise) as may be determined by the Board of Directors of the Corporation or any duly authorized committee of the Board of Directors of the Corporation may be declared and paid on the Common Stock and any other stock that is Parity Stock or Junior Stock, from time to time out of any assets legally available for such payment, and the shares of Series T Preferred Stock shall not be entitled to participate in any such dividends.

**Section 5. Liquidation Rights.**

**(a) Liquidation**. In the event of any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation, holders of Series T Preferred Stock shall be entitled to receive in full out of assets available for distribution to its stockholders before any distribution or payment out of the assets of the Corporation may be made to or set aside for the holders of the Common Stock or any other Junior Stock, and subject to the rights of the holders of Parity Stock or any stock of the Corporation ranking senior to the Series T Preferred Stock as to such distribution, a liquidating distribution in the amount of $25,000 per share, plus an amount equal to any dividends which have been declared but not yet paid, without accumulation of any undeclared dividends, to the date of liquidation (the "*Liquidation Preference*"). The holders of Series T Preferred Stock shall not be entitled to any further payments in the event of any such voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation other than what is expressly provided for in this Section 5.

**(b) Partial Payment**. If the assets of the Corporation are not sufficient to pay in full the Liquidation Preference to all holders of Series T Preferred Stock and all holders of any Parity Stock, the amounts paid to the holders of Series T Preferred Stock and to the holders of all Parity Stock shall be *pro rata* in accordance with the respective aggregate liquidation preference of Series T Preferred Stock and all such Parity Stock.

**(c) Residual Distributions**. If the Liquidation Preference has been paid in full to all holders of Series T Preferred Stock and all other amounts payable upon liquidation, dissolution or winding up of the Corporation have been paid in full to all holders of any Parity Stock, the holders of Common Stock and any other Junior Stock shall be entitled to receive all remaining assets of the Corporation according to their respective rights and preferences.

**(d) Merger, Consolidation and Sale of Assets Not Liquidation**. For purposes of this Section 5, the sale, conveyance, exchange or transfer (for cash, shares of stock, securities or other consideration) of all or substantially all of the property and assets of the Corporation shall not be deemed a voluntary or involuntary dissolution, liquidation or winding up of the affairs of the Corporation, nor shall the merger, consolidation or any other business combination transaction of the Corporation into or with any other corporation or person or the merger, consolidation or any other business combination transaction of any other corporation or person into or with the Corporation be deemed to be a voluntary or involuntary dissolution, liquidation or winding up of the affairs of the Corporation.

**Section 6. Redemption.**

**(a) Optional Redemption**. The Corporation, at the option of its Board of Directors or any duly authorized committee of the Board of Directors of the Corporation, may redeem, subject to the prior approval of the Federal Reserve Board, out of funds legally available therefor, in whole or in part, the shares of Series T Preferred Stock at the time outstanding, at any time on any Dividend Payment Date on or after September 15, 2019, upon notice given as provided in Section 6(b) below. The redemption price for shares of Series T Preferred Stock

shall be $25,000 per share plus an amount equal to any dividends that have been declared but not paid up to the redemption date without accumulation of any undeclared dividends.

Notwithstanding the foregoing, within 90 days of the Corporation's good faith determination that a Regulatory Capital Treatment Event has occurred, the Corporation, at the option of its Board of Directors or any duly authorized committee of the Board of Directors of the Corporation, may, subject to the approval of the appropriate federal banking agency, redeem out of funds legally available therefor, in whole, but not in part, the shares of Series T Preferred Stock at the time outstanding, prior to September 15, 2019, upon notice given as provided in Section 6(b) below. The redemption price for shares of Series T Preferred Stock shall be $25,000 per share plus an amount equal to any dividends that have been declared but not paid, without accumulation of any undeclared dividends.

**(b) Notice of Redemption**. Notice of every redemption of shares of Series T Preferred Stock shall be mailed by first class mail, postage prepaid, addressed to the holders of record of such shares to be redeemed at their respective last addresses appearing on the stock register of the Corporation. Such mailing shall be at least 40 days and not more than 70 days before the date fixed for redemption. Any notice mailed as provided in this Section 6(b) shall be conclusively presumed to have been duly given, whether or not the holder receives such notice, but failure duly to give such notice by mail, or any defect in such notice or in the mailing thereof, to any holder of shares of Series T Preferred Stock designated for redemption shall not affect the validity of the proceedings for the redemption of any other shares of Series T Preferred Stock. Each notice shall state (i) the redemption date; (ii) the number of shares of Series T Preferred Stock to be redeemed and, if fewer than all the shares held by such holder are to be redeemed, if applicable, the number of such shares to be redeemed from such holder; (iii) the redemption price; (iv) the place or places where the certificates for those shares are to be surrendered for payment of the redemption price; and (v) that dividends on the shares to be redeemed will cease to accrue on the redemption date. Notwithstanding the foregoing, if the Series T Preferred Stock is held in book-entry form through DTC, the Corporation may give such notice in any manner permitted by DTC.

**(c) Partial Redemption**. In case of any redemption of only part of the shares of Series T Preferred Stock at the time outstanding, the shares of Series T Preferred Stock to be redeemed shall be selected either *pro rata* from the holders of record of Series T Preferred Stock in proportion to the number of Series T Preferred Stock held by such holders or in such other manner consistent with the rules and policies of the New York Stock Exchange as the Board of Directors of the Corporation or any duly authorized committee of the Board of Directors of the Corporation may determine to be fair and equitable. Subject to the provisions of this Section 6, the Board of Directors of the Corporation or any duly authorized committee of the Board of Directors shall have full power and authority to prescribe the terms and conditions upon which shares of Series T Preferred Stock shall be redeemed from time to time.

**(d) Effectiveness of Redemption**. If notice of redemption has been duly given and if on or before the redemption date specified in the notice all funds necessary for the redemption have been irrevocably set aside by the Corporation, separate and apart from its other assets, in

trust for the *pro rata* benefit of the holders of the shares called for redemption, so as to be and continue to be available therefor, or deposited by the Corporation with a bank or trust company selected by the Board of Directors of the Corporation or any duly authorized committee of the Board of Directors (the "*Depositary Company*") in trust for the *pro rata* benefit of the holders of the shares called for redemption, then, notwithstanding that any certificate for any share so called for redemption has not been surrendered for cancellation, on and after the redemption date all shares so called for redemption shall cease to be outstanding, all dividends with respect to such shares shall cease to accrue after such redemption date, and all rights with respect to such shares shall forthwith on such redemption date cease and terminate, except only the right of the holders thereof to receive the amount payable on such redemption from the Depository Company at any time after the redemption date from the funds so deposited, without interest. The Corporation shall be entitled to receive, from time to time, from the Depositary Company any interest accrued on such funds, and the holders of any shares called for redemption shall have no claim to any such interest. Any funds so deposited and unclaimed at the end of two years from the redemption date shall, to the extent permitted by law, be released or repaid to the Corporation, after which time the holders of the shares so called for redemption shall look only to the Corporation for payment of the redemption price of such shares.

**Section 7. Voting Rights.**

**(a) General.** The holders of Series T Preferred Stock shall not be entitled to vote on any matter except as set forth in paragraph 7(b) below or as required by applicable law.

**(b) Right To Elect Two Directors Upon Nonpayment Events.** Whenever dividends payable on any shares of Series T Preferred Stock or any class or series of Voting Parity Stock have not been declared and paid in an aggregate amount equal to, as to any class or series, at least six quarterly Dividend Periods or their equivalent, whether or not for consecutive Dividend Periods (a "*Nonpayment Event*"), the holders of the outstanding Series T Preferred Stock, voting together as a class with holders of Voting Parity Stock whose voting rights are exercisable, will be entitled to vote for the election of two additional directors of the Corporation's Board of Directors at the Corporation's next annual meeting of stockholders and at each subsequent annual meeting of stockholders (the "*Preferred Stock Directors*") by a plurality of the votes cast; *provided* that the Board of Directors shall at no time include more than two Preferred Stock Directors (including, for purposes of this limitation, all directors that the holders of any series of Voting Parity Stock are entitled to elect pursuant to like voting rights). Upon the vesting of such right of such holders, the maximum authorized number of members of the Board of Directors shall automatically be increased by two and the two vacancies so created shall be filled by vote of the holders of the outstanding Series T Preferred Stock (together with the holders of shares of any one or more other series of Voting Parity Stock). At elections for such directors, each holder of the Series T Preferred Stock shall be entitled to 25 votes for each share held (the holders of shares of any other series of Voting Parity Stock being entitled to such number of votes, if any, for each share of such stock as may be granted to them). The right of the holders of the Series T Preferred Stock (voting together as a class with the holders of shares of any one or more other series of Voting Parity Stock) to elect Preferred Stock Directors shall continue until such time as the Corporation has paid in full dividends for the equivalent of at least four quarterly Dividend

Periods or their equivalent, at which time such right with respect to the Series T Preferred Stock shall terminate, except as provided by law, and subject to revesting in the event of each and every subsequent default of the character described in this Section 7(b).

Upon any termination of the right of the holders of all shares of Series T Preferred Stock and Voting Parity Stock to vote for Preferred Stock Directors, the term of office of all Preferred Stock Directors then in office elected by only those holders voting as a class shall terminate immediately. Any Preferred Stock Director may be removed at any time without cause by the holders of a majority of the outstanding shares of Series T Preferred Stock and Voting Parity Stock, when they have the voting rights described above (voting together as a class). In case any vacancy shall occur among the Preferred Stock Directors, a successor may be elected by a plurality of the votes cast by the holders of Series T Preferred Stock and Voting Parity Stock having the voting rights described above, voting together as a class, unless the vacancy has already been filled. The Preferred Stock Directors shall each be entitled to one vote per director on any matter that shall come before the Board of Directors for a vote. Whenever the term of office of the directors elected by such holders voting as a class shall end and the special voting powers vested in such holders as provided in this Section 7(b) shall have expired, the number of directors shall be such number as may be provided for in the By-Laws irrespective of any increase made pursuant to this Section 7(b).

**(c) Other Voting Rights**. In addition to any other vote required by law or the Restated Certificate of Incorporation, so long as any shares of the Series T Preferred Stock remain outstanding, the vote or consent of the holders of the outstanding shares of Series T Preferred Stock and outstanding shares of all other series of Voting Parity Stock entitled to vote on the matter, by a vote of at least 66 2/3% in voting power of all such outstanding Series T Preferred Stock and such Voting Parity Stock, voting together as a class, given in person or by proxy, either in writing without a meeting or at any meeting called for the purpose, shall be necessary to permit, effect or validate any one or more of the following actions, whether or not such approval is required by Delaware law: (i) the issuance of any class or series of Preferred Stock or Preference Stock ranking senior to the Series T Preferred Stock in the payment of dividends or the distribution of assets in the event of the Corporation's voluntary or involuntary liquidation, dissolution or winding up; (ii) any amendment, alteration or repeal of any provision of the Restated Certificate of Incorporation, including the Certificate of Designation, or the Bylaws that would adversely affect the rights, preferences, privileges or voting powers of the Series T Preferred Stock; (iii) any amendment or alteration of the Restated Certificate of Incorporation, including the Certificate of Designation, or Bylaws to authorize, create, or increase the authorized amount of, any shares of, or any securities convertible into shares of, any class or series of the Corporation's capital stock ranking senior to the Series T Preferred Stock with respect to either the payment of dividends or in the distribution of assets in the event of the Corporation's voluntary or involuntary liquidation, dissolution or winding up; or (iv) any consummation of a reclassification involving the Series T Preferred Stock or a merger or consolidation with another corporation or other entity, except holders of the Series T Preferred Stock will have no right to vote under this section 7(c)(iv) if in each case (a) the shares of Series T Preferred Stock remain outstanding or, in the case of any such merger or consolidation with respect to which the Corporation is not the surviving or resulting entity, are converted into or

exchanged for preference securities of the surviving or resulting entity or its ultimate parent, and (b) such shares of Series T Preferred Stock remaining outstanding or such preference securities, as the case may be, have such rights, preferences, privileges and voting powers, taken as a whole, as are not materially less favorable to the holders thereof than the rights, preferences, privileges and voting powers of the Series T Preferred Stock, taken as a whole; *provided, however*, that any authorization, creation or increase in the authorized amount of or issuance of the Series T Preferred Stock or any Parity Stock or Junior Stock or any securities convertible into any class or series of Parity Stock (whether dividends payable in respect of such Parity Stock are cumulative or non-cumulative) or Junior Stock will be deemed not to adversely affect the rights, preferences, privileges or voting powers of the Series T Preferred Stock, and holders of the Series T Preferred Stock shall have no right to vote thereon.

If any amendment, alteration, repeal, reclassification, merger or consolidation specified in this Section 7(c) would adversely affect one or more but not all series of voting Preferred Stock (including the Series T Preferred Stock), then only those series affected by and entitled to vote on the matter shall vote on the matter together as a class (in lieu of all other series of Preferred Stock).

Each holder of the Series T Preferred Stock will have 25 votes per share on any matter on which holders of the Series T Preferred Stock are entitled to vote, whether separately or together with any other series of stock of the Corporation (the holders of any shares of any other series of stock being entitled to such number of votes, if any, for each share of stock as may be granted to them), pursuant to Delaware law or otherwise, including by written consent.

**(d) Changes after Provision for Redemption**. No vote or consent of the holders of Series T Preferred Stock shall be required pursuant to Section 7(b) or (c) above if, at or prior to the time when any such vote or consent would otherwise be required pursuant to such Section, all outstanding Series T Preferred Stock shall have been redeemed, or notice of redemption has been given and sufficient funds shall have been irrevocably deposited in trust to effect such redemption.

**(e) Procedures for Voting and Consents.** The rules and procedures for calling and conducting any meeting of the holders of Series T Preferred Stock (including, without limitation, the fixing of a record date in connection therewith), the solicitation and use of proxies at such a meeting, the obtaining of written consents and any other aspect or matter with regard to such a meeting or such consents shall be governed by any rules the Board of Directors, in its discretion, may adopt from time to time, which rules and procedures shall conform to the requirements of the Restated Certificate of Incorporation, the Bylaws, applicable law and any national securities exchange or other trading facility in which the Series T Preferred Stock is listed or traded at the time.

**Section 8. Preemption and Conversion**. The holders of Series T Preferred Stock shall not have any rights of preemption or rights to convert such Series T Preferred Stock into shares of any other class of capital stock of the Corporation.

**Section 9. Reacquired Shares**. Shares of Series T Preferred Stock which have been issued and redeemed or otherwise purchased or acquired by the Corporation shall be restored to the status of authorized but unissued shares of Preferred Stock without designation as to series.

**Section 10. No Sinking Fund**. Shares of Series T Preferred Stock are not subject to the operation of a sinking fund.

**Section 11. Additional Classes or Series of Stock**. Notwithstanding anything set forth in the Restated Certificate of Incorporation or this Certificate of Designation to the contrary, the Board of Directors of the Corporation, or any authorized committee of the Board of Directors of the Corporation, (i) without the vote of the holders of the Series T Preferred Stock, may authorize and issue additional shares of Junior Stock and Parity Stock and (ii) with the requisite vote of the holders of the Series T Preferred Stock and Parity Stock entitled to vote thereon, may authorize and issue any additional class or series of Preferred Stock or Preference Stock senior to the Series T Preferred Stock as to the payment of dividends and/or the distribution of assets upon any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation.

**In Witness Whereof, Wells Fargo & Company** has caused this Certificate of Designation to be signed by Barbara S. Brett, its Senior Vice President and Assistant Treasurer, and Jeannine E. Zahn, its Assistant Secretary, this 18th day of July, 2014.

**Wells Fargo & Company**

By: /s/ Barbara S. Brett
Barbara S. Brett, Senior Vice President and Assistant Treasurer

/s/ Jeannine E. Zahn
Jeannine E. Zahn, Assistant Secretary

[As filed with the Delaware Secretary of State on July 18, 2014.]

**WELLS FARGO & COMPANY**

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**CERTIFICATE OF DESIGNATION**

Pursuant to Section 151(g) of the

General Corporation Law

of the State of Delaware

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**5.875% FIXED-TO-FLOATING RATE NON-CUMULATIVE PERPETUAL CLASS A PREFERRED STOCK, SERIES U**
**(Without Par Value)**

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WELLS FARGO & COMPANY, a corporation organized and existing under the laws of the State of Delaware (the "*Corporation*"), HEREBY CERTIFIES that, pursuant to authority conferred upon the Board of Directors of the Corporation (the "*Board of Directors*") by the provisions of the Restated Certificate of Incorporation of the Corporation, as amended, which authorize the issuance of not more than 20,000,000 shares of Preferred Stock, without par value, and pursuant to authority conferred upon the Securities Committee of the Board of Directors (the "*Committee*") in accordance with Section 141(c) of the General Corporation Law of the State of Delaware (the "*General Corporation Law*"), the following resolutions were duly adopted by the Committee pursuant to the unanimous written consent of the Committee duly adopted on January 22, 2015, in accordance with Section 141(f) of the General Corporation Law:

**Resolved,** that pursuant to the authority vested in the Committee and in accordance with the resolutions of the Board of Directors dated April 29, 2014, the provisions of the Restated Certificate of Incorporation, the By-laws of the Corporation, and applicable law, a series of Preferred Stock, no par value, of the Corporation be and hereby is created, and that the designation and number of shares of such series, and the voting and other powers, designations, preferences and relative, participating, optional or other rights, and the qualifications, limitations and restrictions thereof, of the shares of such series, are as follows:

**RIGHTS AND PREFERENCES**

**Section 1. Designation**. The shares of such series of Preferred Stock shall be designated 5.875% Fixed-to-Floating Rate Non-Cumulative Perpetual Class A Preferred Stock, Series U, with no par value and a liquidation preference amount of $25,000 per share (the "*Series U Preferred Stock*"). Each share of Series U Preferred Stock shall be identical in all respects to

every other share of Series U Preferred Stock except with respect to the date from which dividends may accrue. Series U Preferred Stock will rank equally with Parity Stock with respect to the payment of dividends and distribution of assets in the event of any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation and will rank senior to Junior Stock with respect to the payment of dividends and/or the distribution of assets in the event of any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation.

**Section 2. Number of Shares**. The number of authorized shares of Series U Preferred Stock shall be 80,000. Such number may from time to time be increased (but not in excess of the total number of authorized shares of Preferred Stock) or decreased (but not below the number of shares of Series U Preferred Stock then outstanding) by further resolution duly adopted by the Board of Directors of the Corporation or any duly authorized committee of the Board of Directors of the Corporation and by the filing of a certificate pursuant to the provisions of the General Corporation Law stating that such increase or decrease, as the case may be, has been so authorized. The Corporation shall have the authority to issue fractional shares of Series U Preferred Stock.

**Section 3. Definitions**. As used herein with respect to Series U Preferred Stock:

"*Business Day*" means for dividends payable for the Fixed Rate Period (as defined below) any day, other than a Saturday or Sunday, that is neither a legal holiday nor a day on which banking institutions are authorized or required by law or regulation to close in New York, New York, and for dividends payable for the Floating Rate Period (as defined below), it means any date that would be considered a Business Day during the Fixed Rate Period that is also a London Banking Day (as defined below).

"*Calculation Agent*" means Wells Fargo Securities, LLC or any other successor appointed by the Corporation, acting as Calculation Agent.

"*Certificate of Designation*" means this Certificate of Designation relating to the Series U Preferred Stock, as it may be amended from time to time.

*"Common Stock"* means the common stock of the Corporation, par value $1⅔ per share, as the same exists at the date of this Certificate of Designation or as such stock may be constituted from time to time.

"*Depositary Company*" has the meaning set forth in Section 6(d) hereof.

"*Designated LIBOR Page"* means the display on Reuters, or any successor service, on page LIBOR01, or any other page as may replace that page on that service, for the purpose of displaying the London interbank rates for U.S. dollars.

"*Dividend Payment Date*" has the meaning set forth in Section 4(a) hereof.

"*Dividend Period*" has the meaning set forth in Section 4(a) hereof.

"*DTC*" means The Depository Trust Company, together with its successors and assigns.

"*Fixed Rate Period*" has the meaning set forth in Section 4(a) hereof.

"*Floating Rate Period*" has the meaning set forth in Section 4(a) hereof.

*"Junior Stock*" means the Common Stock and any other class or series of stock of the Corporation now existing or hereafter authorized over which the Series U Preferred Stock has preference or priority in the payment of dividends or in the distribution of assets on any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation.

"*LIBOR Determination Date*" means the second London Banking Day immediately preceding the first day of the relevant Dividend Period.

"*Liquidation Preference*" has the meaning set forth in Section 5(a) hereof.

"*London Banking Day*" means any day on which commercial banks and foreign exchange markets settle payments in London.

"*Nonpayment Event*" shall have the meaning set forth in Section 7(b).

"*Parity Stock*" means any other class or series of stock of the Corporation now existing or hereafter authorized that ranks on par with the Series U Preferred Stock in the payment of dividends (whether such dividends are cumulative or non-cumulative) or in the distribution of assets in the event of any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation.

"*Preference Stock*" means any and all series of preference stock, having no par value, of the Corporation.

"*Preferred Stock*" means any and all series of preferred stock, having no par value, of the Corporation, including the Series U Preferred Stock.

"*Preferred Stock Directors*" shall have the meaning set forth in Section 7(b).

"*Regulatory Capital Treatment Event*" means the Corporation's reasonable determination that as a result of any (i) amendment to, clarification of, or change (including any announced prospective change) in, the laws or regulations of the United States or any political subdivision of or in the United States that is enacted or becomes effective on or after January 15, 2015; (ii) proposed change in those laws or regulations that is announced or becomes effective on or after January 15, 2015; or (iii) official administrative decision or judicial decision or administrative action or other official pronouncement interpreting or applying those laws or regulations that is announced on or after January 15, 2015, there is more than an insubstantial risk that the Corporation will not be entitled to treat the full liquidation preference amount of all shares of Series U Preferred Stock then outstanding as Tier 1 capital (or its equivalent) for purposes of the capital adequacy guidelines or regulations of the appropriate federal banking

agency, as then in effect and applicable, for as long as any share of Series U Preferred Stock is outstanding.

"*Series U Preferred Stock*" has the meaning set forth in Section 1 hereof.

"*Three-month LIBOR*" means, for any LIBOR Determination Date, the arithmetic mean of the offered rates for deposits in U.S. dollars for a three-month period commencing on the second London Banking Day immediately following that LIBOR Determination Date that appear on the Designated LIBOR Page as of 11:00 a.m., London time, on that LIBOR Determination Date, if at least two offered rates appear on the Designated LIBOR Page, provided that if the specified Designated LIBOR Page by its terms provides only for a single rate, that single rate will be used. If (i) fewer than two offered rates appear or (ii) no rate appears and the Designated LIBOR Page by its terms provides only for a single rate, then the Calculation Agent will request the principal London offices of each of four major banks in the London interbank market, as selected by the Calculation Agent, to provide the Calculation Agent with its offered quotation for deposits in U.S. dollars for a three-month period commencing on the second London Banking Day immediately following that LIBOR Determination Date to prime banks in the London interbank market at approximately 11:00 a.m., London time, on that LIBOR Determination Date and in a principal amount that is representative of a single transaction in U.S. dollars in that market at that time. If at least two quotations are provided, Three-month LIBOR determined on that LIBOR Determination Date will be the arithmetic mean of those quotations. If fewer than two quotations are provided, Three-month LIBOR will be the arithmetic mean of the rates quoted at approximately 11:00 a.m., New York City time, on that LIBOR Determination Date by three major banks in New York City selected by the Calculation Agent for loans in U.S. dollars to leading European banks for a three-month period and in a principal amount that is representative of a single transaction in U.S. dollars in that market at that time. If the banks so selected by the Calculation Agent are not quoting as set forth above, Three-month LIBOR for that LIBOR Determination Date will remain Three-month LIBOR for the immediately preceding Dividend Period or, in the case of the Dividend Period beginning June 15, 2025, 5.875%. All percentages used in or resulting from any calculation of Three-month LIBOR will be rounded, if necessary, to the nearest one hundred-thousandth of a percentages point, with .000005% rounded up to .00001%. The determination of Three-month LIBOR for each relevant Dividend Period by the Calculation Agent will (in the absence of manifest error) be final and binding.

"*Voting Parity Stock*" means any Parity Stock having similar voting rights as the Series U Preferred Stock.

**Section 4. Dividends.**

**(a) Rate**. Dividends on the Series U Preferred Stock will not be mandatory. Holders of Series U Preferred Stock shall be entitled to receive, when, as and if declared by the Board of Directors of the Corporation or any duly authorized committee of the Board of Directors of the Corporation, but only out of assets legally available therefor, non-cumulative cash dividends on the liquidation preference amount of $25,000 per share of the Series U Preferred Stock, payable (i) from January 23, 2015 to, but excluding, June 15, 2025 (the "*Fixed Rate Period*"), semi-annually in arrears on the 15th day of each June and December, commencing June 15, 2015 at an

annual rate of 5.875%, and (ii) from, and including, June 15, 2025 (the "*Floating Rate Period*"), quarterly in arrears on the 15th day of each March, June, September and December, commencing September 15, 2025, at an annual rate equal to Three-month LIBOR plus 3.99%. Notwithstanding the foregoing, if any date on or prior to June 15, 2025 on which dividends otherwise would be payable is not a Business Day, then payment of any dividend otherwise payable on that date will be made on the next succeeding day that is a Business Day, without any interest or other payment in respect of such delay, and if any date after June 15, 2025 on which dividends otherwise would be payable is not a Business Day, then payment of any dividend otherwise payable on that date will be made on the next succeeding Business Day unless that day falls in the next calendar month, in which case payment of any dividend otherwise payable on that date will be the immediately preceding Business Day, and dividends will accrue to the actual payment date (each such day on which dividends are payable a "*Dividend Payment Date*"). A "*Dividend Period*" means the period from, and including, a Dividend Payment Date to, but excluding, the next succeeding Dividend Payment Date, except for the initial Dividend Period, which will be the period from, and including, January 23, 2015 to, but excluding, June 15, 2015. The record date for payment of dividends on the Series U Preferred Stock shall be the last Business Day of the calendar month immediately preceding the month during which the Dividend Payment Date falls or such other date as determined by the Corporation's Board of Directors. The amount of dividends payable for the Fixed Rate Period shall be computed on the basis of a 360-day year of twelve 30-day months. The amount of dividends payable for the Floating Rate Period shall be computed on the basis of a 360-day year and the actual number of days elapsed. Dollar amounts resulting from that calculation will be rounded to the nearest cent, with one-half cent being rounded upward. The Calculation Agent's determination of any dividend rate, and its calculation of the amount of dividends payable for the Floating Rate Period, will be maintained on file at the Calculation Agent's principal offices.

**(b) Non-Cumulative Dividends**. Dividends on shares of Series U Preferred Stock shall be non-cumulative. To the extent that any dividends payable on the shares of Series U Preferred Stock on any Dividend Payment Date are not declared prior to such Dividend Payment Date, then such dividends shall not cumulate and shall cease to accrue and be payable, and the Corporation shall have no obligation to pay, and the holders of Series U Preferred Stock shall have no right to receive, dividends accrued for such Dividend Period on the Dividend Payment Date for such Dividend Period or at any time in the future or interest with respect to such dividends, whether or not dividends are declared for any subsequent Dividend Period with respect to Series U Preferred Stock or any other series of authorized Preferred Stock, Preference Stock, or Common Stock of the Corporation.

**(c) Priority of Dividends**. So long as any shares of Series U Preferred Stock remain outstanding,

(1) no dividend shall be declared and paid or set aside for payment and no distribution shall be declared and made or set aside for payment on any Common Stock, and no shares of Common Stock shall be repurchased, redeemed or otherwise acquired for consideration by the Corporation, directly or indirectly, nor shall any monies be paid to or made available for a sinking fund for the redemption of any such Common Stock by the Corporation (other than (i) a

dividend payable in Common Stock or (ii) the acquisition of shares of Common Stock in exchange for, or through application of proceeds of the sale of, shares of Common Stock);

(2) no dividend shall be declared and paid or set aside for payment and no distribution shall be declared and made or set aside for payment on any Junior Stock other than Common Stock, and no shares of Junior Stock other than Common Stock shall be repurchased, redeemed or otherwise acquired for consideration by the Corporation, directly or indirectly, nor shall any monies be paid to or made available for a sinking fund for the redemption of any such Junior Stock other than Common Stock by the Corporation (other than (i) a dividend payable solely in shares of Junior Stock, (ii) any dividend in connection with the implementation of a stockholder rights plan, or the redemption or repurchase of any rights under any such plan, (iii) any dividend in the form of stock, warrants, options or other rights where the dividend stock or stock issuable upon exercise of such warrants, options or other rights is the same stock as that on which the dividend is being paid or ranks equally with or junior to such stock, (iv) as a result of a reclassification of Junior Stock other than Common Stock for or into other Junior Stock, (v) the exchange or conversion of one share of Junior Stock other than Common Stock for or into another share of Junior Stock, (vi) through the use of proceeds of a substantially contemporaneous sale of other shares of Junior Stock, (vii) any purchase, redemption or other acquisition of Junior Stock other than Common Stock pursuant to any of the Corporation's or any of its subsidiaries' employee, consultant or director incentive or benefit plans or arrangements (including any employment, severance or consulting arrangements) adopted before or after January 15, 2015, (viii) any purchase of fractional interests in shares of Junior Stock other than Common Stock pursuant to the conversion or exchange provisions of such Junior Stock other than Common Stock or the securities being converted or exchanged, (ix) the purchase of Junior Stock other than Common Stock by Wells Fargo Securities, LLC, or any other affiliate of the Corporation, in connection with the distribution thereof or (x) the purchase of Junior Stock other than Common Stock by Wells Fargo Securities, LLC, or any other affiliate of the Corporation, in connection with market-making or other secondary market activities in the ordinary course of business); and

(3) no shares of Parity Stock will be repurchased, redeemed or otherwise acquired for consideration by the Corporation otherwise than pursuant to *pro rata* offers to purchase all, or a *pro rata* portion, of the Series U Preferred Stock and such Parity Stock during a Dividend Period (other than (i) as a result of a reclassification of Parity Stock for or into other Parity Stock or Junior Stock, (ii) the exchange or conversion of one share of Parity Stock for or into another share of Parity Stock or Junior Stock, (iii) through the use of proceeds of a substantially contemporaneous sale of other shares of Parity Stock or Junior Stock, (iv) any purchase, redemption or other acquisition of Parity Stock pursuant to any of the Corporation's or any of its subsidiaries' employee, consultant or director incentive or benefit plans or arrangements (including any employment, severance or consulting arrangements) adopted before or after January 15, 2015, (v) any purchase of fractional interests in shares of Parity Stock pursuant to the conversion or exchange provisions of such Parity Stock or the securities being converted or exchanged, (vi) the purchase of Parity Stock by Wells Fargo Securities, LLC, or any other affiliate of the Corporation, in connection with the distribution thereof or (vii) the purchase of Parity Stock by Wells Fargo Securities, LLC, or any other affiliate of the Corporation, in

connection with market-making or other secondary market activities in the ordinary course of business),

unless, in each case, the full dividends for the then-current Dividend Period on all outstanding shares of the Series U Preferred Stock have been declared and paid or declared and a sum sufficient for the payment of those dividends has been set aside.

Subject to the succeeding sentence, for so long as any shares of Series U Preferred Stock remain outstanding, no dividends shall be declared, paid, or set aside for payment on any Parity Stock for any period unless full dividends on all outstanding shares of Series U Preferred Stock for the then-current Dividend Period have been paid in full or declared and a sum sufficient for the payment thereof set aside. To the extent the Corporation declares dividends on the Series U Preferred Stock and on any Parity Stock but cannot make full payment of those declared dividends, the Corporation will allocate the dividend payments on a proportional basis among the holders of shares of Series U Preferred Stock and the holders of any Parity Stock then outstanding where the terms of such Parity Stock provide similar dividend rights.

Subject to the foregoing, and not otherwise, such dividends (payable in cash, stock or otherwise) as may be determined by the Board of Directors of the Corporation or any duly authorized committee of the Board of Directors of the Corporation may be declared and paid on the Common Stock and any other stock that is Parity Stock or Junior Stock, from time to time out of any assets legally available for such payment, and the shares of Series U Preferred Stock shall not be entitled to participate in any such dividends.

**Section 5. Liquidation Rights.**

**(a) Liquidation**. In the event of any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation, holders of Series U Preferred Stock shall be entitled to receive in full out of assets available for distribution to its stockholders before any distribution or payment out of the assets of the Corporation may be made to or set aside for the holders of the Common Stock or any other Junior Stock, and subject to the rights of the holders of Parity Stock or any stock of the Corporation ranking senior to the Series U Preferred Stock as to such distribution, a liquidating distribution in the amount of $25,000 per share, plus an amount equal to any dividends which have been declared but not yet paid, without accumulation of any undeclared dividends, to the date of liquidation (the "*Liquidation Preference*"). The holders of Series U Preferred Stock shall not be entitled to any further payments in the event of any such voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation other than what is expressly provided for in this Section 5.

**(b) Partial Payment**. If the assets of the Corporation are not sufficient to pay in full the Liquidation Preference to all holders of Series U Preferred Stock and all holders of any Parity Stock, the amounts paid to the holders of Series U Preferred Stock and to the holders of all Parity Stock shall be *pro rata* in accordance with the respective aggregate liquidation preference of Series U Preferred Stock and all such Parity Stock.

**(c) Residual Distributions**. If the Liquidation Preference has been paid in full to all holders of Series U Preferred Stock and all other amounts payable upon liquidation, dissolution or winding up of the Corporation have been paid in full to all holders of any Parity Stock, the holders of Common Stock and any other Junior Stock shall be entitled to receive all remaining assets of the Corporation according to their respective rights and preferences.

**(d) Merger, Consolidation and Sale of Assets Not Liquidation**. For purposes of this Section 5, the sale, conveyance, exchange or transfer (for cash, shares of stock, securities or other consideration) of all or substantially all of the property and assets of the Corporation shall not be deemed a voluntary or involuntary dissolution, liquidation or winding up of the affairs of the Corporation, nor shall the merger, consolidation or any other business combination transaction of the Corporation into or with any other corporation or person or the merger, consolidation or any other business combination transaction of any other corporation or person into or with the Corporation be deemed to be a voluntary or involuntary dissolution, liquidation or winding up of the affairs of the Corporation.

**Section 6. Redemption.**

**(a) Optional Redemption**. The Corporation, at the option of its Board of Directors or any duly authorized committee of the Board of Directors of the Corporation, may redeem, subject to the prior approval of the Federal Reserve Board, out of funds legally available therefor, in whole or in part, the shares of Series U Preferred Stock at the time outstanding, at any time on any Dividend Payment Date on or after June 15, 2025, upon notice given as provided in Section 6(b) below. The redemption price for shares of Series U Preferred Stock shall be $25,000 per share plus an amount equal to any dividends that have been declared but not paid up to the redemption date without accumulation of any undeclared dividends.

Notwithstanding the foregoing, within 90 days of the Corporation's good faith determination that a Regulatory Capital Treatment Event has occurred, the Corporation, at the option of its Board of Directors or any duly authorized committee of the Board of Directors of the Corporation, may, subject to the approval of the appropriate federal banking agency, redeem out of funds legally available therefor, in whole, but not in part, the shares of Series U Preferred Stock at the time outstanding, prior to June 15, 2025, upon notice given as provided in Section 6(b) below. The redemption price for shares of Series U Preferred Stock shall be $25,000 per share plus an amount equal to any dividends that have been declared but not paid, without accumulation of any undeclared dividends.

**(b) Notice of Redemption**. Notice of every redemption of shares of Series U Preferred Stock shall be mailed by first class mail, postage prepaid, addressed to the holders of record of such shares to be redeemed at their respective last addresses appearing on the stock register of the Corporation. Such mailing shall be at least 40 days and not more than 70 days before the date fixed for redemption. Any notice mailed as provided in this Section 6(b) shall be conclusively presumed to have been duly given, whether or not the holder receives such notice, but failure duly to give such notice by mail, or any defect in such notice or in the mailing thereof, to any holder of shares of Series U Preferred Stock designated for redemption shall not affect the validity of the proceedings for the redemption of any other shares of Series U Preferred Stock.

Each notice shall state (i) the redemption date; (ii) the number of shares of Series U Preferred Stock to be redeemed and, if fewer than all the shares held by such holder are to be redeemed, if applicable, the number of such shares to be redeemed from such holder; (iii) the redemption price; (iv) the place or places where the certificates for those shares are to be surrendered for payment of the redemption price; and (v) that dividends on the shares to be redeemed will cease to accrue on the redemption date. Notwithstanding the foregoing, if the Series U Preferred Stock is held in book-entry form through DTC, the Corporation may give such notice in any manner permitted by DTC.

**(c) Partial Redemption**. In case of any redemption of only part of the shares of Series U Preferred Stock at the time outstanding, the shares of Series U Preferred Stock to be redeemed shall be selected either *pro rata* from the holders of record of Series U Preferred Stock in proportion to the number of Series U Preferred Stock held by such holders as the Board of Directors of the Corporation or any duly authorized committee of the Board of Directors of the Corporation may determine to be fair and equitable. Subject to the provisions of this Section 6, the Board of Directors of the Corporation or any duly authorized committee of the Board of Directors shall have full power and authority to prescribe the terms and conditions upon which shares of Series U Preferred Stock shall be redeemed from time to time.

**(d) Effectiveness of Redemption**. If notice of redemption has been duly given and if on or before the redemption date specified in the notice all funds necessary for the redemption have been irrevocably set aside by the Corporation, separate and apart from its other assets, in trust for the *pro rata* benefit of the holders of the shares called for redemption, so as to be and continue to be available therefor, or deposited by the Corporation with a bank or trust company selected by the Board of Directors of the Corporation or any duly authorized committee of the Board of Directors (the "*Depositary Company*") in trust for the *pro rata* benefit of the holders of the shares called for redemption, then, notwithstanding that any certificate for any share so called for redemption has not been surrendered for cancellation, on and after the redemption date all shares so called for redemption shall cease to be outstanding, all dividends with respect to such shares shall cease to accrue after such redemption date, and all rights with respect to such shares shall forthwith on such redemption date cease and terminate, except only the right of the holders thereof to receive the amount payable on such redemption from the Depository Company at any time after the redemption date from the funds so deposited, without interest. The Corporation shall be entitled to receive, from time to time, from the Depositary Company any interest accrued on such funds, and the holders of any shares called for redemption shall have no claim to any such interest. Any funds so deposited and unclaimed at the end of two years from the redemption date shall, to the extent permitted by law, be released or repaid to the Corporation, after which time the holders of the shares so called for redemption shall look only to the Corporation for payment of the redemption price of such shares.

**Section 7. Voting Rights.**

**(a) General.** The holders of Series U Preferred Stock shall not be entitled to vote on any matter except as set forth in paragraph 7(b) below or as required by applicable law.

**(b) Right To Elect Two Directors Upon Nonpayment Events.** Whenever dividends payable on any shares of Series U Preferred Stock or any class or series of Voting Parity Stock have not been declared and paid in an aggregate amount equal to, as to any class or series, at least three semi-annual Dividend Periods or their equivalent, whether or not for consecutive Dividend Periods (a "*Nonpayment Event*"), the holders of the outstanding Series U Preferred Stock, voting together as a class with holders of Voting Parity Stock whose voting rights are exercisable, will be entitled to vote for the election of two additional directors of the Corporation's Board of Directors at the Corporation's next annual meeting of stockholders and at each subsequent annual meeting of stockholders (the "*Preferred Stock Directors*") by a plurality of the votes cast; *provided* that the Board of Directors shall at no time include more than two Preferred Stock Directors (including, for purposes of this limitation, all directors that the holders of any series of Voting Parity Stock are entitled to elect pursuant to like voting rights). Upon the vesting of such right of such holders, the maximum authorized number of members of the Board of Directors shall automatically be increased by two and the two vacancies so created shall be filled by vote of the holders of the outstanding Series U Preferred Stock (together with the holders of shares of any one or more other series of Voting Parity Stock). At elections for such directors, each holder of the Series U Preferred Stock shall be entitled to 25 votes for each share held (the holders of shares of any other series of Voting Parity Stock being entitled to such number of votes, if any, for each share of such stock as may be granted to them). The right of the holders of the Series U Preferred Stock (voting together as a class with the holders of shares of any one or more other series of Voting Parity Stock) to elect Preferred Stock Directors shall continue until such time as the Corporation has paid in full dividends for the equivalent of at least two semi-annual Dividend Periods or their equivalent, at which time such right with respect to the Series U Preferred Stock shall terminate, except as provided by law, and subject to revesting in the event of each and every subsequent default of the character described in this Section 7(b).

Upon any termination of the right of the holders of all shares of Series U Preferred Stock and Voting Parity Stock to vote for Preferred Stock Directors, the term of office of all Preferred Stock Directors then in office elected by only those holders voting as a class shall terminate immediately. Any Preferred Stock Director may be removed at any time without cause by the holders of a majority of the outstanding shares of Series U Preferred Stock and Voting Parity Stock, when they have the voting rights described above (voting together as a class). In case any vacancy shall occur among the Preferred Stock Directors, a successor may be elected by a plurality of the votes cast by the holders of Series U Preferred Stock and Voting Parity Stock having the voting rights described above, voting together as a class, unless the vacancy has already been filled. The Preferred Stock Directors shall each be entitled to one vote per director on any matter that shall come before the Board of Directors for a vote. Whenever the term of office of the directors elected by such holders voting as a class shall end and the special voting powers vested in such holders as provided in this Section 7(b) shall have expired, the number of directors shall be such number as may be provided for in the By-Laws irrespective of any increase made pursuant to this Section 7(b).

**(c) Other Voting Rights**. In addition to any other vote required by law or the Restated Certificate of Incorporation, so long as any shares of the Series U Preferred Stock

remain outstanding, the vote or consent of the holders of the outstanding shares of Series U Preferred Stock and outstanding shares of all other series of Voting Parity Stock entitled to vote on the matter, by a vote of at least 66 2/3% in voting power of all such outstanding Series U Preferred Stock and such Voting Parity Stock, voting together as a class, given in person or by proxy, either in writing without a meeting or at any meeting called for the purpose, shall be necessary to permit, effect or validate any one or more of the following actions, whether or not such approval is required by Delaware law: (i) the issuance of any class or series of Preferred Stock or Preference Stock ranking senior to the Series U Preferred Stock in the payment of dividends or the distribution of assets in the event of the Corporation's voluntary or involuntary liquidation, dissolution or winding up; (ii) any amendment, alteration or repeal of any provision of the Restated Certificate of Incorporation, including the Certificate of Designation, or the Bylaws that would adversely affect the rights, preferences, privileges or voting powers of the Series U Preferred Stock; (iii) any amendment or alteration of the Restated Certificate of Incorporation, including the Certificate of Designation, or Bylaws to authorize, create, or increase the authorized amount of, any shares of, or any securities convertible into shares of, any class or series of the Corporation's capital stock ranking senior to the Series U Preferred Stock with respect to either the payment of dividends or in the distribution of assets in the event of the Corporation's voluntary or involuntary liquidation, dissolution or winding up; or (iv) any consummation of a reclassification involving the Series U Preferred Stock or a merger or consolidation with another corporation or other entity, except holders of the Series U Preferred Stock will have no right to vote under this section 7(c)(iv) if in each case (a) the shares of Series U Preferred Stock remain outstanding or, in the case of any such merger or consolidation with respect to which the Corporation is not the surviving or resulting entity, are converted into or exchanged for preference securities of the surviving or resulting entity or its ultimate parent, and (b) such shares of Series U Preferred Stock remaining outstanding or such preference securities, as the case may be, have such rights, preferences, privileges and voting powers, taken as a whole, as are not materially less favorable to the holders thereof than the rights, preferences, privileges and voting powers of the Series U Preferred Stock, taken as a whole; *provided, however*, that any authorization, creation or increase in the authorized amount of or issuance of the Series U Preferred Stock or any Parity Stock or Junior Stock or any securities convertible into any class or series of Parity Stock (whether dividends payable in respect of such Parity Stock are cumulative or non-cumulative) or Junior Stock will be deemed not to adversely affect the rights, preferences, privileges or voting powers of the Series U Preferred Stock, and holders of the Series U Preferred Stock shall have no right to vote thereon.

If any amendment, alteration, repeal, reclassification, merger or consolidation specified in this Section 7(c) would adversely affect one or more but not all series of voting Preferred Stock (including the Series U Preferred Stock), then only those series affected by and entitled to vote on the matter shall vote on the matter together as a class (in lieu of all other series of Preferred Stock).

Each holder of the Series U Preferred Stock will have 25 votes per share on any matter on which holders of the Series U Preferred Stock are entitled to vote, whether separately or together with any other series of stock of the Corporation (the holders of any shares of any other series of stock being entitled to such number of votes, if any, for each share of stock as may be granted to them), pursuant to Delaware law or otherwise, including by written consent.

**(d) Changes after Provision for Redemption**. No vote or consent of the holders of Series U Preferred Stock shall be required pursuant to Section 7(b) or (c) above if, at or prior to the time when any such vote or consent would otherwise be required pursuant to such Section, all outstanding Series U Preferred Stock shall have been redeemed, or notice of redemption has been given and sufficient funds shall have been irrevocably deposited in trust to effect such redemption.

**(e) Procedures for Voting and Consents.** The rules and procedures for calling and conducting any meeting of the holders of Series U Preferred Stock (including, without limitation, the fixing of a record date in connection therewith), the solicitation and use of proxies at such a meeting, the obtaining of written consents and any other aspect or matter with regard to such a meeting or such consents shall be governed by any rules the Board of Directors, in its discretion, may adopt from time to time, which rules and procedures shall conform to the requirements of the Restated Certificate of Incorporation, the Bylaws and applicable law.

**Section 8. Preemption and Conversion**. The holders of Series U Preferred Stock shall not have any rights of preemption or rights to convert such Series U Preferred Stock into shares of any other class of capital stock of the Corporation.

**Section 9. Reacquired Shares**. Shares of Series U Preferred Stock which have been issued and redeemed or otherwise purchased or acquired by the Corporation shall be restored to the status of authorized but unissued shares of Preferred Stock without designation as to series.

**Section 10. No Sinking Fund**. Shares of Series U Preferred Stock are not subject to the operation of a sinking fund.

**Section 11. Additional Classes or Series of Stock**. Notwithstanding anything set forth in the Restated Certificate of Incorporation or this Certificate of Designation to the contrary, the Board of Directors of the Corporation, or any authorized committee of the Board of Directors of the Corporation, (i) without the vote of the holders of the Series U Preferred Stock, may authorize and issue additional shares of Junior Stock and Parity Stock and (ii) with the requisite vote of the holders of the Series U Preferred Stock and Parity Stock entitled to vote thereon, may authorize and issue any additional class or series of Preferred Stock or Preference Stock senior to the Series U Preferred Stock as to the payment of dividends and/or the distribution of assets upon any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation.

**In Witness Whereof, Wells Fargo & Company** has caused this Certificate of Designation to be signed by Barbara S. Brett, its Senior Vice President and Assistant Treasurer, and Jeannine E. Zahn, its Assistant Secretary, this 22nd day of January, 2015.

**Wells Fargo & Company**

By: /s/ Barbara S. Brett
Barbara S. Brett, Senior Vice President and Assistant Treasurer

/s/ Jeannine E. Zahn
Jeannine E. Zahn, Assistant Secretary

[As filed with the Delaware Secretary of State on January 22, 2015.]

WELLS FARGO & COMPANY

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CERTIFICATE OF DESIGNATION
Pursuant to Section 151 of the
General Corporation Law of the State of Delaware

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2015 ESOP CUMULATIVE CONVERTIBLE PREFERRED STOCK
(Without Par Value)

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WELLS FARGO & COMPANY, a corporation organized and existing under the laws of the State of Delaware (the "Company"), HEREBY CERTIFIES that, pursuant to authority conferred upon the Board of Directors of the Company (the "Board") by the provisions of the Restated Certificate of Incorporation of the Company, as amended, which authorize the issuance of not more than 20,000,000 shares of Preferred Stock, without par value (the "Preferred Stock"), and pursuant to authority conferred upon the ESOP Preferred Stock Committee I of the Board (the "ESOP Committee") in accordance with Section 141(c) of the General Corporation Law of the State of Delaware (the "General Corporation Law") and by the resolutions of the Board set forth herein, the following resolutions were duly adopted by the Board at meetings of the Board duly held on January 25, 2000, January 27, 2009, and February 24, 2009, and by the ESOP Committee pursuant to the written consent of the ESOP Committee duly adopted on March 20, 2015, in accordance with Section 141(f) of the General Corporation Law:

1. On January 25, 2000, the Board adopted the following resolution (the "ESOP Board Resolutions") appointing the ESOP Committee and delegating to the ESOP Committee the full powers of the Board, subject to the ESOP Board Resolutions, in all matters relating to issuance of one or more series of Preferred Stock ("ESOP Preferred Stock") to the trustee on behalf of the Company's 401(k) Plan hereinafter referred to:

RESOLVED that a committee of one member of the Board of the Company is hereby appointed by the Board as the ESOP Preferred Stock Committee I (the "First Committee"), which shall have and may exercise the full powers of the Board, subject to these resolutions, to issue from time to time one or more series of ESOP Preferred Stock, including any shares of Company common stock ($1 2/3 par value) issuable upon conversion of ESOP Preferred Stock, and in connection therewith, to fix the designations, voting powers, preferences, and all other rights, qualifications and restrictions of such ESOP Preferred Stock, to sell such ESOP Preferred Stock to the Plan on such terms and conditions and for such purchase price as the First Committee in its discretion shall approve, and to take any and all actions as the First Committee shall deem necessary or appropriate.

2. On January 27, 2009, the Board adopted the following resolutions (the "January 2009 Resolutions") amending the ESOP Board Resolutions to allow the ESOP Committee to establish the voting rights of any series of ESOP Preferred Stock:

RESOLVED that the resolution set forth in the ESOP Board Resolutions under the caption "Voting Rights of ESOP Preferred Stock" is hereby deleted in its entirety.

RESOLVED that the ESOP Board Resolutions are hereby further amended to delete "Appendix A - Voting Rights" in its entirety.

3. Pursuant to resolutions adopted on February 24, 2009, the Board designated John G. Stumpf as the sole member of the ESOP Committee, effective April 29, 2009.

4. On March 20, 2015, pursuant to authority conferred upon it by the Board in the ESOP Board Resolutions as amended by the January 2009 Resolutions, the ESOP Committee adopted the following resolution by written consent in accordance with Section 141(f) of the General Corporation Law:

RESOLVED that the issuance of a series of Preferred Stock, without par value, of the Company is hereby authorized and the designation, voting powers, preferences, and relative, participating, optional, and other special rights, and qualifications, limitations and restrictions thereof, in addition to those set forth in the Restated Certificate of Incorporation of the Company, as amended, are hereby fixed as follows:

2015 ESOP CUMULATIVE CONVERTIBLE PREFERRED STOCK

1. Designation and Number of Shares; Restricted Issue.

(a) The designation of the series of Preferred Stock, without par value, provided for herein shall be "2015 ESOP Cumulative Convertible Preferred Stock" (hereinafter referred to as the "2015 ESOP Preferred Stock") and the number of authorized shares constituting the 2015 ESOP Preferred Stock is 826,598, based on an offering price for the 2015 ESOP Preferred Stock of $1,088.80 per share. Each share of 2015 ESOP Preferred Stock shall have a stated value of $1,000.00 per share. The number of authorized shares of 2015 ESOP Preferred Stock may be reduced by further resolution duly adopted by the Board or the Securities Committee and by the filing of a certificate pursuant to the provisions of the General Corporation Law of the State of Delaware stating that such reduction has been so authorized, provided, however, that the authorized number of shares of 2015 ESOP Preferred Stock shall not be decreased below the then outstanding number of such shares, and provided further that the number of authorized shares of 2015 ESOP Preferred Stock shall not be increased. All shares of the 2015 ESOP Preferred Stock purchased, redeemed, or converted by the Company shall be retired and canceled and shall be restored to the status of authorized but unissued shares of Preferred Stock, without

designation as to series, and may thereafter be issued, but not as shares of 2015 ESOP Preferred Stock.

(b) Shares of 2015 ESOP Preferred Stock shall be issued only to a trustee (the "Trustee") acting on behalf of the Wells Fargo & Company 401(k) Plan, or any successor to such plan (the "Plan"). All references to the holder of shares of 2015 ESOP Preferred Stock shall mean the Trustee or any company with which or into which the Trustee may merge or any successor trustee under the trust agreement with respect to the Plan. In the event of any transfer of record ownership of shares of 2015 ESOP Preferred Stock to any person other than any successor trustee under the Plan, the shares of 2015 ESOP Preferred Stock so transferred, upon such transfer and without any further action by the Company or the holder thereof, shall be automatically converted into shares of the common stock, par value $1-2/3 per share, of the Company (the "Common Stock") on the terms otherwise provided for the conversion of the shares of 2015 ESOP Preferred Stock into shares of Common Stock pursuant to paragraph (a) of Section 4 hereof, and no such transferee shall have any of the voting powers, preferences, and relative, participating, optional or special rights ascribed to shares of 2015 ESOP Preferred Stock hereunder but, rather, only the powers and rights pertaining to the Common Stock into which such shares of 2015 ESOP Preferred Stock shall be so converted. In the event of such a conversion, the transferee of the shares of 2015 ESOP Preferred Stock shall be treated for all purposes as the record holder of the shares of Common Stock into which such shares of 2015 ESOP Preferred Stock have been automatically converted as of the date of such transfer. Shares of 2015 ESOP Preferred Stock may be certificated or uncertificated, at the Company's option. Certificates representing shares of 2015 ESOP Preferred Stock shall bear a legend to reflect the foregoing provisions. In the case of uncertificated 2015 ESOP Preferred Stock, the transfer agent for the 2015 ESOP Preferred Stock shall note the foregoing provisions on each 2015 ESOP Preferred Stock book entry account. The Company may require that, as a condition to transferring record ownership of any uncertificated 2015 ESOP Preferred Stock, the proposed transferee acknowledge in writing that the shares of 2015 ESOP Preferred Stock are subject to the foregoing provisions. Notwithstanding the foregoing provisions of this paragraph (b) of Section 1, shares of 2015 ESOP Preferred Stock (i)(A) shall be converted into shares of Common Stock as provided in paragraph (a) of Section 4 hereof, and (B) may be converted into shares of Common Stock as provided by paragraph (b) of Section 4 hereof and the shares of Common Stock issued upon such conversion may be transferred by the holder thereof as permitted by law and (ii) shall be redeemable by the Company upon the terms and conditions provided in Sections 5 and 6(c) hereof.

2. Voting Rights. No shares of 2015 ESOP Preferred Stock shall have voting rights except such voting rights as may from time to time be required by law and as set forth in this Section 2, as follows:

(a) Whenever, at any time or times, dividends payable on shares of 2015 ESOP Preferred Stock shall be in arrears for such number of dividend periods which shall in the aggregate contain not less than 540 days, the holders of the outstanding shares of 2015 ESOP Preferred Stock shall have the exclusive right, voting together as a class with holders of shares of any one

or more series of Voting Parity Stock, as defined in paragraph (e) of this Section 2,whose voting rights are exercisable, to elect two directors of the Company's Board at the Company's next annual meeting of stockholders and at each subsequent annual meeting of stockholders (the "Preferred Stock Directors") by a plurality of the votes cast; provided that the Board of Directors shall at no time include more than two Preferred Stock Directors (including, for purposes of this limitation, all directors that the holders of any series of Voting Parity Stock are entitled to elect pursuant to like voting rights). At elections for such directors, each holder of the shares of 2015 ESOP Preferred Stock shall be entitled to one vote for each share held (the holders of shares of any series of Voting Parity Stock being entitled to such number of votes, if any, for each share of Preferred Stock held as may be granted to them). Upon the vesting of such right of such holders, the maximum authorized number of members of the Board shall automatically be increased by two and the two vacancies so created shall be filled by vote of the holders of such outstanding shares of 2015 ESOP Preferred Stock (together with the holders of shares of any one or more series of Voting Parity Stock whose voting rights are exercisable) as herein set forth. The right of such holders of such shares of 2015 ESOP Preferred Stock (voting together as a class with the holders of shares of any one or more series of Voting Parity Stock whose voting rights are exercisable) to elect Preferred Stock Directors as aforesaid shall continue until such time as all dividends accumulated on such shares of 2015 ESOP Preferred Stock shall have been paid in full, at which time such right with respect to such shares of 2015 ESOP Preferred Stock shall terminate, except as herein or by law expressly provided, subject to revesting in the event of each and every subsequent default of the character above mentioned.

(b) Upon any termination of the right of the holders of all shares of 2015 ESOP Preferred Stock and Voting Parity Stock entitled to vote for Preferred Stock Directors, the term of office of all Preferred Stock Directors then in office elected by such holders voting as a class shall terminate immediately. Any Preferred Stock Director may be removed at any time without cause by the holders of a majority of the outstanding shares of 2015 ESOP Preferred Stock and Voting Parity Stock, when they have the voting rights described above (voting together as a class). In case any vacancy shall occur among the Preferred Stock Directors, a successor may be elected by a plurality of the votes cast by the holders of 2015 ESOP Preferred Stock and Voting Parity Stock having the voting rights described above, voting together as a class, unless the vacancy has already been filled. The Preferred Stock Directors shall each be entitled to one vote per director on any matter that shall come before the Board of Directors for a vote. Whenever the term of office of the directors elected by such holders voting as a class shall end and the special voting powers vested in such holders as provided in this resolution shall have expired, the number of directors shall be such number as may be provided for in the By-Laws of the Company irrespective of any increase made pursuant to the provisions of this Section 2(b).

(c) In addition to any other vote required by law or the Restated Certificate of Incorporation, so long as any shares of 2015 ESOP Preferred Stock remain outstanding, the vote or consent of the holders of the outstanding shares of 2015 ESOP Preferred Stock and outstanding shares of all series of Voting Parity Stock entitled to vote on the matter, by a vote of at least two-thirds in voting power of all such outstanding shares of 2015 ESOP Preferred Stock and such series of Voting Parity Stock voting together as a class, given in person or by proxy, either in writing or at any special or annual meeting called for the purpose, shall be necessary to

permit, effect or validate any one or more of the following whether or not such approval is required by Delaware law:

(i) the authorization, creation or issuance, or any increase in the authorized or issued amount, of any class or series of stock ranking prior to shares of 2015 ESOP Preferred Stock with respect to payment of dividends or the distribution of assets on the Company's voluntary or involuntary liquidation, dissolution or winding up, or

(ii) the amendment, alteration or repeal, whether by merger, consolidation or otherwise, of any of the provisions of the Restated Certificate of Incorporation or of the resolutions set forth in a Certificate of Designation designating shares of 2015 ESOP Preferred Stock and the preferences, powers and relative, participating, optional and other special rights and qualifications, limitations and restrictions thereof which would materially and adversely affect any right, preference, privilege or voting power of the shares of 2015 ESOP Preferred Stock or of the holders thereof; provided, however, that any increase in the amount of authorized Preferred Stock, or the creation and issuance of other series of Preferred Stock, or any increase in the amount of authorized shares of any series of Preferred Stock, in each case ranking on a parity with or junior to the shares of 2015 ESOP Preferred Stock with respect to the payment of dividends and the distribution of assets upon liquidation, dissolution or winding up, shall not be deemed to materially and adversely affect such rights, preferences, privileges or voting powers.

(d) The foregoing voting provisions shall not apply if, at or prior to the time when the act with respect to which such vote would otherwise be required shall be effected, all outstanding shares of 2015 ESOP Preferred Stock shall have been redeemed or sufficient funds shall have been irrevocably deposited in trust to effect such redemption.

(e) As used in this Section 2, "Voting Parity Stock" means any other class or series of stock of the Company now existing or hereafter authorized that ranks on par with the 2015 ESOP Preferred Stock in the payment of dividends (whether such dividends are cumulative or non-cumulative) or in the distribution of assets in the event of any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Company and having similar voting rights as the 2015 ESOP Preferred Stock.

3. Dividends. (a)(i) Holders of shares of 2015 ESOP Preferred Stock will be entitled to receive, when and as declared by the Board or a duly authorized committee thereof, out of assets of the Company legally available for payment, an annual cash dividend of $89.00 (the "Base Dividend") per share, which Base Dividend shall be subject to adjustment from time to time as provided in this Section 3.

(ii) The Base Dividend shall be adjusted, effective on December 1, 2016 and on each December 1 thereafter until December 1, 2023, as follows:

(1) If the Current Market Price (as hereinafter defined) of one share of Common Stock on November 30 (or the next preceding Trading Day (as hereinafter defined) if November 30 is not a Trading Day) of any year listed in the Dividend Adjustment Table below is equal to or greater than the First Target Price but

less than the Second Target Price shown opposite that year in such table, then holders of shares of the 2015 ESOP Preferred Stock will be entitled to receive a cash dividend for the immediately following twelve month period equal to $94.00 per share (the "First Adjusted Dividend").

(2) If the Current Market Price of one share of Common Stock on November 30 (or the next preceding Trading Day if November 30 is not a Trading Day) of any year listed in the Dividend Adjustment Table below is equal to or greater than the Second Target Price shown opposite that year in such table, then holders of shares of 2015 ESOP Preferred Stock will be entitled to receive a cash dividend for the immediately following twelve month period equal to $99.00 per share (the "Second Adjusted Dividend").

(3) If the Current Market Price of one share of Common Stock on November 30 (or next preceding Trading Day if November 30 is not a Trading Day) of any year listed in the Dividend Adjustment Table below is less than the First Target Price shown opposite that year in such table, then the holders of shares of 2015 ESOP Preferred Stock will be entitled to receive a cash dividend for the immediately following twelve month period equal to the Base Dividend.

## Dividend Adjustment Table

| Closing Price on 11/30 | First Target Price | Second Target Price |
|---|---|---|
| 2016 | $61.50 | $64.98 |
| 2017 | $65.80 | $71.80 |
| 2018 | $70.41 | $79.34 |
| 2019 | $75.34 | $87.67 |
| 2020 | $80.61 | $96.87 |
| 2021 | $86.25 | $107.04 |
| 2022 | $92.29 | $118.28 |
| 2023 | $98.75 | $130.70 |

(4) As an example of the adjustments described in subparagraphs (1) through (3) above, if on November 30, 2016, the Current Market Price of one share of Common Stock is $62.00, then the cash dividend payable for the immediately following twelve month period per share of 2015 ESOP Preferred Stock would equal $94.00, with the first quarterly payment of such $94.00 dividend to be made on March 1, 2017. If on November 30, 2017, the Current Market Price of one share of Common Stock is $72.00, then the cash dividend payable for the immediately following twelve month period per share of 2015 ESOP Preferred Stock would equal $99.00, with the first quarterly payment of such $99.00 dividend to be made on March 1, 2018. If on November 30, 2018, the Current Market Price of one share of Common Stock is $65.00, then the cash dividend payable for the immediately following twelve month period per share of 2015 ESOP Preferred Stock would equal $89.00, with the first quarterly payment of such $89.00 dividend to be made on March 1, 2019.

(5) For purposes of this Section 3, the terms "First Adjusted Dividend" and "Second Adjusted Dividend" are sometimes referred to as an "Adjusted Dividend;" the term "Current Market Price" shall have the meaning given to it in Section 4(c)(iv); and the term "Trading Day" shall have the meaning given to it in Section 4(c)(vi).

(iii) If one share of Common Stock in any year listed in the Dividend Adjustment Table shall be changed into a different number of shares or a different class of shares by reason of any reclassification, recapitalization, split-up, combination, exchange of shares or readjustment, or if a stock dividend thereon shall be declared with a record date within such period, then the First Target Price and the Second Target Price listed in such table for that year and each subsequent year will be appropriately and proportionately adjusted.

(iv) Dividends payable on shares of the 2015 ESOP Preferred Stock (whether such dividends are equal to the Base Dividend or to an Adjusted Dividend) shall be payable quarterly on March 1, June 1, September 1, and December 1 of each year, commencing June 1, 2015. Dividends on shares of the 2015 ESOP Preferred Stock will be cumulative from the date of initial issuance of such shares of 2015 ESOP Preferred Stock. Dividends will be

payable, in arrears, to holders of record as they appear on the stock books of the Company on such record dates, not more than 30 days nor less than 15 days preceding the payment dates thereof, as shall be fixed by the Board or a duly authorized committee thereof. The amount of dividends payable per share for each dividend period shall be computed by dividing by four the Base Dividend or the Adjusted Dividend, whichever is then applicable. The amount of dividends payable for the initial dividend period or any period shorter than a full dividend period shall be calculated on the basis of actual days elapsed in a 360-day year of twelve 30-day months.

(b)(i) No full dividends shall be declared or paid or set apart for payment on any stock of the Company ranking, as to dividends, on a parity with or junior to the 2015 ESOP Preferred Stock for any period unless full cumulative dividends have been or contemporaneously are declared and paid or declared and a sum sufficient for the payment thereof has been set apart for such payment on shares of 2015 ESOP Preferred Stock for all dividend payment periods terminating on or prior to the date of payment of such full cumulative dividends. When dividends are not paid in full, as aforesaid, upon the shares of 2015 ESOP Preferred Stock and any other series of Preferred Stock ranking on a parity as to dividends with 2015 ESOP Preferred Stock, all dividends declared upon shares of 2015 ESOP Preferred Stock and any other series of Preferred Stock ranking on a parity as to dividends with 2015 ESOP Preferred Stock shall be declared pro rata so that the amount of dividends declared per share on 2015 ESOP Preferred Stock and such other series of Preferred Stock shall in all cases bear to each other the same ratio that accrued dividends per share on the shares of 2015 ESOP Preferred Stock and such other series of Preferred Stock bear to each other. Holders of shares of 2015 ESOP Preferred Stock shall not be entitled to any dividend, whether payable in cash, property, or stock, in excess of full cumulative dividends, as herein provided, on 2015 ESOP Preferred Stock. No interest, or sum of money in lieu of interest, shall be payable in respect of any dividend payment or payments on 2015 ESOP Preferred Stock which may be in arrears.

(ii) So long as any shares of 2015 ESOP Preferred Stock are outstanding, no dividend (other than dividends or distributions paid in shares of, or options, warrants, or rights to subscribe for or purchase shares of, Common Stock or any other stock ranking junior to 2015 ESOP Preferred Stock as to dividends or upon liquidation and other than as provided in paragraph (b)(i) of this Section 3) shall be declared or paid or set aside for payment or other distribution declared or made upon Common Stock or any other capital stock of the Company ranking junior to or on a parity with 2015 ESOP Preferred Stock as to dividends or upon liquidation, nor shall any Common Stock or any other capital stock of the Company ranking junior to or on a parity with 2015 ESOP Preferred Stock as to dividends or upon liquidation, dissolution or winding up be redeemed, purchased, or otherwise acquired for any consideration (or any moneys be paid to or made available for a sinking fund for the redemption of any shares of any such stock) by the Company (except by conversion into or exchange for stock of the Company ranking junior to 2015 ESOP Preferred Stock as to dividends or upon liquidation, dissolution or winding up), unless, in each case, the full cumulative dividends on all outstanding shares of 2015 ESOP Preferred Stock shall have been paid or declared and set aside for payment of the then current dividend payment period and all past dividend payment periods.

4. Conversion. Shares of 2015 ESOP Preferred Stock are convertible from time to time hereafter pursuant to the provisions of paragraphs (a) or (b) of this Section 4 into that number of shares of Common Stock determined by dividing the stated value of each share of 2015 ESOP Preferred Stock by the then applicable Conversion Price, (as determined in accordance with the provisions of paragraph (c)(iii) of this Section 4), as follows:

(a) Each share of 2015 ESOP Preferred Stock released from the unallocated reserve of the Plan in accordance with the terms thereof shall be automatically converted, without any further action by the Company or the holder thereof, as of the date such release occurs (the "Release Date"), into fully paid and nonassessable shares of Common Stock at the then applicable Conversion Price for the 2015 ESOP Preferred Stock provided for in paragraph (c) of this Section 4.

(b) Subject to and upon compliance with the provisions of this Section 4, a holder of 2015 ESOP Preferred Stock shall be entitled at any time, prior to the close of business on the date fixed for redemption of such shares pursuant to Sections 5 or 6 hereof, to cause any or all of the shares of 2015 ESOP Preferred Stock held by such holder to be converted into fully paid and nonassessable shares of Common Stock at the then applicable Conversion Price for 2015 ESOP Preferred Stock provided for in paragraph (c) of this Section 4.

(c) For purposes of these resolutions, the following terms shall have the meanings set forth below:

(i) The "Average Current Market Price" per share of Common Stock on any date shall be deemed to be the average of the Current Market Price for one share of Common Stock for the twenty (20) consecutive Trading Days ending on the Trading Day occurring prior to the date the "Purchase Offer" is made (as that term is defined in Section 6(d) hereof).

(ii) A "Business Day" means each day that is not a Saturday, Sunday, or a day on which state or federally chartered banking institutions in the State of New York are not required to be open.

(iii) (A) For purposes of a mandatory conversion of shares of 2015 ESOP Preferred Stock into shares of Common Stock pursuant to the provisions of paragraph (a) of this Section 4, the "Conversion Price" for such shares of 2015 ESOP Preferred Stock shall be the Current Market Price of one share of Common Stock on the relevant Release Date.

(B) For purposes of an optional conversion of shares of 2015 ESOP Preferred Stock into shares of Common Stock pursuant to the provisions of paragraph (b) of this Section 4, the "Conversion Price" for such shares of 2015 ESOP Preferred Stock shall be the Current Market Price of one share of Common Stock on the date the Conversion Notice (as that term is defined in paragraph (d) of this Section 4) is received by the Company, by the transfer agent for the 2015 ESOP Preferred Stock or by any agent for conversion of the 2015 ESOP Preferred Stock designated as such pursuant to paragraph (d) of this Section 4.

(C) For purposes of a conversion of shares of 2015 ESOP Preferred Stock into shares of Common Stock in connection with a "Purchase Offer" (as defined in Section 6(d) hereof), the "Conversion Price" for such shares of 2015 ESOP Preferred Stock shall be the Average Current Market Price of one share of Common Stock.

Each share of 2015 ESOP Preferred Stock shall be valued at its stated value of $1,000.00 for purposes of computing, based on the applicable Conversion Price, the number of shares of Common Stock into which the shares of 2015 ESOP Preferred Stock will be converted.

(iv) The "Current Market Price" of publicly traded shares of Common Stock or any other class of capital stock or other security of the Company or any other issuer for any day shall mean the reported last sale price, regular way, or, in case no sale takes place on such day, the average of the reported closing bid and asked prices, regular way, in either case as reported on the New York Stock Exchange only or, if the Common Stock is not listed or admitted to trading on the New York Stock Exchange, on the principal national securities exchange on which the Common Stock is listed or admitted to trading or, if not listed or admitted to trading on any national securities exchange, on the National Market System of the National Association of Securities Dealers, Inc. Automated Quotations System ("NASDAQ") or, if the Common Stock is not quoted on such National Market System, the average of the closing bid and asked prices on such day in the over-the-counter market as reported by NASDAQ or, if bid and asked prices for the Common Stock on each such day shall not have been reported through NASDAQ, the average of the bid and asked prices for such day as furnished by any New York Stock Exchange member firm regularly making a market in the Common Stock selected for such purpose by the Board or a committee thereof or, if no such quotations are available, the fair market value of the Common Stock as determined by a New York Stock Exchange member firm regularly making a market in the Common Stock selected for such purpose by the Board or a committee thereof.

(v) "Common Stock" shall mean the Common Stock of the Company as the same exists at the date of this Certificate of Designation or as such stock may be constituted from time to time.

(vi) "Trading Day" with respect to Common Stock means (x) if the Common Stock is listed or admitted for trading on the New York Stock Exchange or another national securities exchange, a day on which the New York Stock Exchange or such other national securities exchange is open for business or (y) if the Common Stock is quoted on the National Market System of NASDAQ, a day on which trades may be made on such National Market System or (z) otherwise, any Business Day.

(d) In connection with any conversion of 2015 ESOP Preferred Stock pursuant to this Section 4, a written notice of conversion (the "Conversion Notice") shall be delivered to the Company at its principal executive office or the offices of the transfer agent for the 2015 ESOP Preferred Stock or such office or offices in the continental United States of an agent for conversion as may from time to time be designated by notice to the holders of the 2015 ESOP Preferred Stock by the Company or the transfer agent for the 2015 ESOP Preferred Stock, which Conversion Notice shall be accompanied by (a) in the case of certificated 2015 ESOP Preferred Stock, the certificate or certificates representing the shares of 2015 ESOP Preferred Stock being

converted pursuant to this Section 4, duly assigned or endorsed for transfer to the Company (or accompanied by duly executed stock powers relating thereto) and (b) in the case of uncertificated 2015 ESOP Preferred Stock, duly executed assignment and transfer documents for the shares of 2015 ESOP Preferred Stock being converted pursuant to this Section 4. Each Conversion Notice shall specify (i)(y) in the case of a mandatory conversion pursuant to paragraph (a) of this Section 4, the number of shares of 2015 ESOP Preferred Stock released from the unallocated reserve of the Plan on the Release Date or (z) in the case of an optional conversion pursuant to paragraph (b) of this Section 4, the number of shares of 2015 ESOP Preferred Stock being converted, and (ii) in connection with any conversion hereunder, (x) the name or names in which such holder wishes the certificate or certificates for Common Stock and, in the case of certificated 2015 ESOP Preferred Stock, for any shares of 2015 ESOP Preferred Stock not to be so converted to be issued, (y) the address to which such holder wishes delivery to be made of such new certificates to be issued upon such conversion, and (z) such other information as the Company or its agents may reasonably request.

(e) Upon delivery to the Company or the transfer agent for the 2015 ESOP Preferred Stock of the Conversion Notice and all other documentation and certificates required to effect the conversion, as provided in paragraph (d) of this Section 4, the Company shall issue and send by hand delivery, by courier or by first-class mail (postage prepaid) to the holder thereof or to such holder's designee, at the address designated by such holder, a certificate or certificates for the number of shares of Common Stock to which such holder shall be entitled upon conversion. If there shall have been surrendered a certificate or certificates representing shares of 2015 ESOP Preferred Stock only part of which are to be converted, the Company shall issue and deliver to such holder or such holder's designee, in the manner set forth in the preceding sentence, a new certificate or certificates representing the number of shares of 2015 ESOP Preferred Stock which shall not have been converted.

(f) The issuance by the Company of shares of Common Stock upon a conversion of shares of 2015 ESOP Preferred Stock into shares of Common Stock made pursuant to this Section 4 shall be effective (i) in the case of a mandatory conversion of shares of 2015 ESOP Preferred Stock pursuant to paragraph (a) of this Section 4, as of the Release Date; and (ii) in the case of an optional conversion of such shares pursuant to paragraph (b) of this Section 4, as of the earlier of (A) the delivery to such holder or such holder's designee of the certificates representing the shares of Common Stock issued upon conversion thereof or (B) the commencement of business on the second Business Day after the delivery to the Company or the transfer agent for the 2015 ESOP Preferred Stock of the Conversion Notice and all other documentation and certificates required to effect the conversion, as provided in paragraph (d) of this Section 4. On and after the effective date of a conversion, the person or persons entitled to receive the Common Stock issuable upon such conversion shall be treated for all purposes as the record holder or holders of such shares of Common Stock, but no allowance or adjustment shall be made in respect of dividends payable to holders of Common Stock in respect of any period prior to such effective date. The Company shall not be obligated to pay any dividends which shall have accrued or have been declared and shall be payable to holders of shares of 2015 ESOP Preferred Stock if the date on which such dividends are paid is on or after the effective date of conversion of such shares.

(g) The Company shall not be obligated to deliver to holders of 2015 ESOP Preferred Stock any fractional share or shares of Common Stock issuable upon any conversion of such shares of 2015 ESOP Preferred Stock, but in lieu thereof may make a cash payment in respect thereof in any manner permitted by law.

(h) The Company shall at all times reserve and keep available out of its authorized and unissued Common Stock, solely for issuance upon the conversion of shares of 2015 ESOP Preferred Stock as herein provided, free from any preemptive rights, such number of shares of Common Stock as shall from time to time be issuable upon the conversion of all the shares of 2015 ESOP Preferred Stock then outstanding.

(i) The Company will use its best efforts to cause the listing of the shares of Common Stock required to be delivered upon conversion of the 2015 ESOP Preferred Stock prior to distribution to Plan participants on the national securities exchange, if any, upon which the outstanding Common Stock is listed at the time of such delivery.

(j) The Company will pay any and all documentary stamp or similar issue or transfer taxes payable in respect of the issue or delivery of shares of Common Stock on conversions of the 2015 ESOP Preferred Stock pursuant hereto; provided, however, that the Company shall not be required to pay any tax which may be payable in respect of any transfer involved in the issue or delivery of shares of Common Stock in a name other than that of the holder of the 2015 ESOP Preferred Stock to be converted and no such issue or delivery shall be made unless and until the person requesting such issue or delivery has paid to the Company the amount of any such tax or has established, to the satisfaction of the Company, that such tax has been paid.

5. Redemption At the Option of the Company. (a) The 2015 ESOP Preferred Stock shall be redeemable out of assets legally available therefor, in whole or in part, at the option of the Company at any time, at a redemption price per share of 2015 ESOP Preferred Stock equal to the higher of (x) $1,000.00 per share, plus an amount equal to all accrued and unpaid dividends thereon to the date fixed for redemption, and (y) the Fair Market Value (as that term is defined in paragraph (d) of this Section 5) per share of 2015 ESOP Preferred Stock on the date fixed for redemption. Payment of the redemption price shall be made by the Company in cash or shares of Common Stock, or a combination thereof, as permitted by paragraph (c) of this Section 5. From and after the date fixed for redemption, dividends on shares of 2015 ESOP Preferred Stock called for redemption will cease to accrue and all rights in respect of such shares of the Company shall cease, except the right to receive the redemption price. Upon payment of the redemption price, such shares shall be deemed to have been transferred to the Company, to be retired as provided in paragraph (a) of Section 1. If the full cumulative dividends have not been paid, or contemporaneously declared and set aside for payment, on all outstanding shares of 2015 ESOP Preferred Stock, the Company may not redeem fewer than all the outstanding shares of 2015 ESOP Preferred Stock pursuant to this Section 5.

(b) Unless otherwise required by law, notice of any redemption pursuant to this Section 5 will be sent to the holders of 2015 ESOP Preferred Stock at the address shown on the books of the Company or any transfer agent for the 2015 ESOP Preferred Stock by hand

delivery, by courier, by standard form of telecommunication or by first-class mail (postage prepaid) delivered, sent or mailed, as the case may be, not less than twenty (20) days nor more than sixty (60) days prior to the redemption date. Each such notice shall state: (i) the redemption date; (ii) the total number of shares of the 2015 ESOP Preferred Stock to be redeemed and, if fewer than all the shares held by such holder are to be redeemed, the number of such shares to be redeemed from such holder; (iii) the redemption price; (iv) whether the redemption price shall be paid in cash or in shares of Common Stock, or in a combination of such Common Stock and cash; (v) in the case of certificated 2015 ESOP Preferred Stock the place or places where certificates for such shares are to be surrendered for payment of the redemption price; (vi) that dividends on the shares to be redeemed will cease to accrue on such redemption date; and (vii) the conversion rights of the shares to be redeemed, the period within which conversion rights may be exercised and the manner in which the number of shares of Common Stock issuable upon conversion of a share of 2015 ESOP Preferred Stock will be determined. The Company shall redeem shares so called for redemption and not previously converted at the date fixed for redemption and at the redemption price set forth in this Section 5, provided that, in the case of certificated 2015 ESOP Preferred Stock, the Company shall not be obligated to pay the redemption price until the certificates for the shares to be redeemed are surrendered (properly endorsed or assigned for transfer, if the Board of Directors of the Company shall so require and the notice shall so state).

(c) The Company, at its option, may make payment of the redemption price required upon redemption of shares of 2015 ESOP Preferred Stock in cash or in shares of Common Stock, or in a combination of such Common Stock and cash, any such shares of Common Stock to be valued for such purposes at their Fair Market Value (as defined in paragraph (d)(ii) of this Section 5) or their Current Market Price, in either case as of the date fixed for redemption of the 2015 ESOP Preferred Stock, whichever value will result in the issuance of the greater number of shares of Common Stock to the holder of the 2015 ESOP Preferred Stock then being redeemed.

(d) For purposes of these resolutions, the following terms shall have the meanings set forth below:

(i) "Adjustment Period" shall mean the period of five (5) consecutive Trading Days preceding the date as of which the Fair Market Value of a security is to be determined.

(ii) "Fair Market Value" shall mean, as to shares of Common Stock or any other class of capital stock or securities of the Company or any other issue which are publicly traded, the average of the Current Market Prices of such shares or securities for each day of the Adjustment Period. The "Fair Market Value" of any security which is not publicly traded (other than the 2015 ESOP Preferred Stock) or of any other property shall mean the fair value thereof on the date as of which the Fair Market Value of the security is to be determined, as determined by an independent investment banking or appraisal firm experienced in the valuation of such securities or property selected in good faith by the Board or a committee thereof. The "Fair Market Value" of the 2015 ESOP Preferred Stock for purposes of paragraph (a) of Section 5, and

for purposes of paragraph (c) of Section 6 shall mean the fair market value thereof determined by an independent appraiser, appointed by the Trustee of the Plan in accordance with the provisions of the Plan, as of the date fixed for redemption of the 2015 ESOP Preferred Stock (in the case of a redemption pursuant to Section 5) or as of the date specified in paragraph (c) of Section 6 (in the case of a redemption under that section). For purposes of determining the Fair Market Value of the 2015 ESOP Preferred Stock, the independent appraiser shall assume (i) that all dividends on the 2015 ESOP Preferred Stock would have been paid when due, and (ii) that the mandatory conversion of shares of 2015 ESOP Preferred Stock held by the Plan into shares of Common Stock pursuant to Section 4(a) hereof would have occurred when and as payments of principal (together with accrued interest thereon) would have been made by the Trustee of the Plan in accordance with the terms of that certain 2015 ESOP Cumulative Convertible Preferred Stock Note Agreement dated on or about March 26, 2015 between the Company and the Plan (including any amendments or modifications thereto).

6. Consolidation, Merger, etc. (a) If the Company consummates any consolidation or merger or similar business combination, pursuant to which the outstanding shares of Common Stock are by operation of law exchanged solely for or changed, reclassified or converted solely into stock of any successor or resulting corporation (including the Company) that constitutes "qualifying employer securities" with respect to a holder of 2015 ESOP Preferred Stock within the meaning of Section 409(1) of the Internal Revenue Code of 1986, as amended, and Section 407(d)(5) of the Employee Retirement Income Security Act of 1974, as amended, or any successor provisions of law, and, if applicable, for a cash payment in lieu of fractional shares, if any, the shares of 2015 ESOP Preferred Stock of such holder shall, in connection with such consolidation, merger or similar business combination, be assumed by and shall become Preferred Stock of such successor or resulting corporation, having in respect of such corporation, insofar as possible, the same powers, preferences and relative, participating, optional or other special rights (including the redemption rights provided by Sections 5 and 6 hereof), and the qualifications, limitations or restrictions thereon, that the 2015 ESOP Preferred Stock had immediately prior to such transaction, subject to the following:

(1) After such transaction each share of the 2015 ESOP Preferred Stock shall be convertible, otherwise on the terms and conditions provided by Section 4 hereof, into the number and kind of qualifying employer securities so receivable by a holder of the number of shares of Common Stock into which such shares of 2015 ESOP Preferred Stock could have been converted immediately prior to such transaction.

(2) The Company shall not consummate any such merger, consolidation or similar transaction unless all then outstanding shares of 2015 ESOP Preferred Stock shall be assumed and authorized by the successor or resulting corporation as aforesaid.

(b) If the Company consummates any consolidation or merger or similar business combination, pursuant to which the outstanding shares of Common Stock are by operation of law exchanged for or changed, reclassified or converted into other stock or securities or cash or any other property, or any combination thereof, other than any such consideration which is constituted solely of qualifying employer securities (as referred to in paragraph (a) of this

Section 6) and cash payments, if applicable, in lieu of fractional shares, outstanding shares of 2015 ESOP Preferred Stock shall, without any action on the part of the Company or any holder thereof (but subject to paragraph (c) of this Section 6), be automatically converted by virtue of such merger, consolidation or similar transaction immediately prior to such consummation into the number of shares of Common Stock into which such shares of 2015 ESOP Preferred Stock could have been converted at such time so that each share of 2015 ESOP Preferred Stock shall, by virtue of such transaction and on the same terms as apply to the holders of Common Stock, be converted into or exchanged for the aggregate amount of stock, securities, cash or other property (payable in like kind) receivable by a holder of the number of shares of Common Stock into which such shares of 2015 ESOP Preferred Stock could have been converted immediately prior to such transaction. However, if by virtue of the structure of such transaction, a holder of Common Stock is required to make an election with respect to the nature and kind of consideration to be received in such transaction, which election cannot practicably be made by the holders of the 2015 ESOP Preferred Stock, then the shares of 2015 ESOP Preferred Stock shall, by virtue of such transaction and on the same terms as apply to the holders of Common Stock, be converted into or exchanged for the aggregate amount of stock, securities, cash or other property (payable in kind) receivable by a holder of the number of shares of Common Stock into which such shares of 2015 ESOP Preferred Stock could have been converted immediately prior to such transaction if such holder of Common Stock failed to exercise any rights of election as to the kind or amount of stock, securities, cash or other property receivable upon such transaction. If the kind or amount of stock, securities, cash or other property receivable upon such transaction is not the same for each non-electing share, then the kind and amount of stock, securities, cash or other property receivable upon such transaction for each non-electing share shall be the kind and amount so receivable per share by a plurality of the non-electing shares.

(c) In the event the Company shall enter into any agreement providing for any consolidation or merger or similar business combination described in paragraph (b) of this Section 6 (a "Business Combination"), then the Company shall as soon as practicable thereafter (and in any event at least fifteen (15) Business Days before consummation of such transaction) give notice of such agreement and the material terms thereof to each holder of 2015 ESOP Preferred Stock and each such holder shall have the right to elect, by written notice to the Company, to receive, upon consummation of such transaction (if and when such transaction is consummated), from the Company or the successor of the Company, in redemption and retirement of such 2015 ESOP Preferred Stock, a cash payment per share of 2015 ESOP Preferred Stock equal to the higher of (x) $1,000.00, plus accrued and unpaid dividends thereon to the date of consummation of such transaction or (y) the Fair Market Value per share of 2015 ESOP Preferred Stock, as of the last Business Day (as defined in paragraph (c) of Section 4 hereof) immediately preceding the date the Business Combination is consummated. No such notice of redemption shall be effective unless given to the Company prior to the close of business on the last Business Day prior to consummation of such transaction, unless the Company or the successor of the Company shall waive such prior notice, but any notice of redemption so given prior to such time may be withdrawn by notice of withdrawal given to the Company prior to the close of business on the last Business Day prior to consummation of such transaction.

(d) In the event that a Purchase Offer (as defined below) shall have been made and shall be continuing, each holder of 2015 ESOP Preferred Stock shall have the right to convert shares of 2015 ESOP Preferred Stock into shares of Common Stock at the Conversion Price specified in Section 4(c)(iii)(C) hereof until the date the Purchase Offer is terminated, including without limitation because the original Purchase Offer is withdrawn or because the Purchase Offer has expired and is not renewed, upon notice of such conversion given to the Company not later than the close of business on the date the Purchase Offer terminates (the "Purchase Offer Conversion Period"), unless the Company or any successor of the Company shall waive such prior notice, but any notice of conversion so given may be withdrawn by notice of withdrawal given to the Company prior to the end of the Purchase Offer Conversion Period.

For purposes of this paragraph (d), the following terms shall have the meanings set forth below:

(i) "Beneficial Ownership" shall have the meaning ascribed to it in Rule 13d-3 under the Securities Exchange Act of 1934 (the "Exchange Act") and "person" shall have the meanings specified in Sections 3(a)(9) and 13(d)(3) of the Exchange Act.

(ii) A "Purchase Offer" shall have been made when any person (other than the Company or any affiliate of the Company) shall have "commenced" (as such term is defined in Rule 14d-2 under the Exchange Act) a tender offer or exchange offer to purchase shares of Common Stock, such that, upon consummation of such offer, such person would have Beneficial Ownership (as defined herein) or the right to acquire Beneficial Ownership, of twenty percent (20%) or more of the voting power of the Company.

7. Liquidation Rights. (a) Upon the dissolution, liquidation, or winding up of the Company, the holders of the shares of 2015 ESOP Preferred Stock shall be entitled to receive and to be paid out of the assets of the Company available for distribution to its stockholders, before any payment or distribution shall be made on or set aside for the Common Stock or any other class of stock ranking junior to 2015 ESOP Preferred Stock and subject to the rights of the holders of the shares of any series or class or classes of stock ranking on parity with or senior to the 2015 ESOP Preferred Stock, the amount of $1,000.00 per share, plus a sum equal to all dividends (whether or not earned or declared) on such shares accrued and unpaid thereon to the date of final distribution.

(b) Neither the sale of all or substantially all the property and assets of the Company, nor the merger, consolidation or other business combination of the Company into or with any other corporation, nor the merger, consolidation or other business combination of any other corporation into or with the Company shall be deemed to be a dissolution, liquidation, or winding up, voluntary or involuntary, for the purposes of this Section 7.

(c) After the payment to the holders of the shares of 2015 ESOP Preferred Stock of the full preferential amounts provided for in this Section 7, the holders of 2015 ESOP Preferred Stock, as such, shall have no right or claim to any of the remaining assets of the Company.

(d) In the event the assets of the Company available for distribution to the holders of shares of 2015 ESOP Preferred Stock upon any dissolution, liquidation, or winding up of the Company, whether voluntary or involuntary, shall be insufficient to pay in full all amounts to which such holders are entitled pursuant to paragraph (a) of this Section 7, no such distribution shall be made on account of any shares of any other series of Preferred Stock or other capital stock of the Company ranking on a parity with the shares of 2015 ESOP Preferred Stock upon such dissolution, liquidation, or winding up unless proportionate distributive amounts shall be paid on account of the shares of 2015 ESOP Preferred Stock, ratably, in proportion to the full distributable amounts for which holders of all such parity shares are respectively entitled upon such dissolution, liquidation, or winding up.

(e) Subject to the rights of the holders of the shares of any series or class or classes of stock ranking on parity with or prior to the shares of 2015 ESOP Preferred Stock upon liquidation, dissolution, or winding up, upon any liquidation, dissolution, or winding up of the Company, after payment shall have been made in full to the holders of the shares of 2015 ESOP Preferred Stock as provided in this Section 7, but not prior thereto, any other series or class or classes of stock ranking junior to the shares of 2015 ESOP Preferred Stock upon liquidation shall, subject to the respective terms and provisions (if any) applying thereto, be entitled to receive any and all assets remaining to be paid or distributed, and the holders of the shares of 2015 ESOP Preferred Stock shall not be entitled to share therein.

8. Ranking. For the purposes of these resolutions, any stock of any series or class or classes of the Company shall be deemed to rank:

(a) prior to the shares of 2015 ESOP Preferred Stock, either as to dividends or upon liquidation, dissolution or winding up, if the holders of such series or class or classes shall be entitled to the receipt of dividends or of amounts distributable upon dissolution, liquidation, or winding up of the Company, as the case may be, in preference or priority to the holders of shares of 2015 ESOP Preferred Stock;

(b) on a parity with shares of 2015 ESOP Preferred Stock, either as to dividends or upon liquidation, dissolution or winding up, whether or not the dividend rates, dividend payment dates, or redemption or liquidation prices per share, or sinking fund provisions, if any, be different from those of 2015 ESOP Preferred Stock, if the holders of such stock shall be entitled to the receipt of dividends or of amounts distributable upon dissolution, liquidation, or winding up of the Company, as the case may be, in proportion to their respective dividend rates or liquidation prices, without preference or priority, one over the other, as between the holders of such stock and the holders of shares of 2015 ESOP Preferred Stock; and

(c) junior to shares of 2015 ESOP Preferred Stock, either as to dividends or upon liquidation, dissolution or winding up, if such class shall be Common Stock or if the holders of shares of 2015 ESOP Preferred Stock shall be entitled to receipt of dividends or of amounts distributable upon dissolution, liquidation, or winding up of the Company, as the case may be, in preference or priority to the holders of shares of such series or class or classes.

9. Priority of 2015 ESOP Preferred Stock. The shares of 2015 ESOP Preferred Stock will rank on a parity, both as to payment of dividends and the distribution of assets upon

liquidation, with the Company's 2006 ESOP Cumulative Convertible Preferred Stock, its 2007 ESOP Cumulative Convertible Preferred Stock, its 2008 ESOP Cumulative Convertible Preferred Stock, its 2010 ESOP Cumulative Convertible Preferred Stock, its 2011 ESOP Cumulative Convertible Preferred Stock, its 2012 ESOP Cumulative Convertible Preferred Stock, its 2013 ESOP Cumulative Convertible Preferred Stock, and its 2014 ESOP Cumulative Convertible Preferred Stock.

IN WITNESS WHEREOF, the Company has caused this Certificate of Designation to be signed by John G. Stumpf, its Chairman, President and Chief Executive Officer, and attested by Jeannine E. Zahn, its Assistant Secretary, on this 20th day of March, 2015.

WELLS FARGO & COMPANY

By /s/ John G. Stumpf
John G. Stumpf
Chairman, President and
Chief Executive Officer

Attest:

/s/ Jeannine E. Zahn
Jeannine E. Zahn
Assistant Secretary

[As filed with the Delaware Secretary of State on March 25, 2015.]

**WELLS FARGO & COMPANY**

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**CERTIFICATE OF DESIGNATION**

Pursuant to Section 151(g) of the

General Corporation Law

of the State of Delaware

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**NON-CUMULATIVE PERPETUAL CLASS A PREFERRED STOCK, SERIES V**
**(Without Par Value)**

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WELLS FARGO & COMPANY, a corporation organized and existing under the laws of the State of Delaware (the "*Corporation*"), HEREBY CERTIFIES that, pursuant to authority conferred upon the Board of Directors of the Corporation (the "*Board of Directors*") by the provisions of the Restated Certificate of Incorporation of the Corporation, as amended, which authorize the issuance of not more than 20,000,000 shares of Preferred Stock, without par value, and pursuant to authority conferred upon the Securities Committee of the Board of Directors (the "*Committee*") in accordance with Section 141(c) of the General Corporation Law of the State of Delaware (the "*General Corporation Law*"), the following resolutions were duly adopted by the Committee pursuant to the unanimous written consent of the Committee duly adopted on September 10, 2015, in accordance with Section 141(f) of the General Corporation Law:

**Resolved,** that pursuant to the authority vested in the Committee and in accordance with the resolutions of the Board of Directors dated April 29, 2014, the provisions of the Restated Certificate of Incorporation, the By-laws of the Corporation, and applicable law, a series of Preferred Stock, no par value, of the Corporation be and hereby is created, and that the designation and number of shares of such series, and the voting and other powers, designations, preferences and relative, participating, optional or other rights, and the qualifications, limitations and restrictions thereof, of the shares of such series, are as follows:

**RIGHTS AND PREFERENCES**

**Section 1. Designation**. The shares of such series of Preferred Stock shall be designated Non-Cumulative Perpetual Class A Preferred Stock, Series V, with no par value and a liquidation preference amount of $25,000 per share (the "*Series V Preferred Stock*"). Each share of Series V Preferred Stock shall be identical in all respects to every other share of Series V Preferred Stock except with respect to the date from which dividends may accrue. Series V Preferred Stock will rank equally with Parity Stock with respect to the payment of dividends and distribution of assets in the event of any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation and will rank senior to Junior Stock with respect to

the payment of dividends and/or the distribution of assets in the event of any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation.

**Section 2. Number of Shares**. The number of authorized shares of Series V Preferred Stock shall be 40,000. Such number may from time to time be increased (but not in excess of the total number of authorized shares of Preferred Stock) or decreased (but not below the number of shares of Series V Preferred Stock then outstanding) by further resolution duly adopted by the Board of Directors of the Corporation or any duly authorized committee of the Board of Directors of the Corporation and by the filing of a certificate pursuant to the provisions of the General Corporation Law stating that such increase or decrease, as the case may be, has been so authorized. The Corporation shall have the authority to issue fractional shares of Series V Preferred Stock.

**Section 3. Definitions**. As used herein with respect to Series V Preferred Stock:

"*Business Day*" means any day, other than a Saturday or Sunday, that is neither a legal holiday nor a day on which banking institutions are authorized or required by law or regulation to close in New York, New York.

"*Certificate of Designation*" means this Certificate of Designation relating to the Series V Preferred Stock, as it may be amended from time to time.

*"Common Stock"* means the common stock of the Corporation, par value $1⅔ per share, as the same exists at the date of this Certificate of Designation or as such stock may be constituted from time to time.

"*Depositary Company*" has the meaning set forth in Section 6(d) hereof.

"*Dividend Payment Date*" has the meaning set forth in Section 4(a) hereof.

"*Dividend Period*" has the meaning set forth in Section 4(a) hereof.

"*DTC*" means The Depository Trust Company, together with its successors and assigns.

*"Junior Stock*" means the Common Stock and any other class or series of stock of the Corporation now existing or hereafter authorized over which the Series V Preferred Stock has preference or priority in the payment of dividends or in the distribution of assets on any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation.

"*Liquidation Preference*" has the meaning set forth in Section 5(a) hereof.

"*Nonpayment Event*" shall have the meaning set forth in Section 7(b).

"*Parity Stock*" means any other class or series of stock of the Corporation now existing or hereafter authorized that ranks on par with the Series V Preferred Stock in the payment of dividends (whether such dividends are cumulative or non-cumulative) or in the distribution of

assets in the event of any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation.

"*Preference Stock*" means any and all series of preference stock, having no par value, of the Corporation.

"*Preferred Stock*" means any and all series of preferred stock, having no par value, of the Corporation, including the Series V Preferred Stock.

"*Preferred Stock Directors*" shall have the meaning set forth in Section 7(b).

"*Regulatory Capital Treatment Event*" means the Corporation's reasonable determination that as a result of any (i) amendment to, clarification of, or change (including any announced prospective change) in, the laws or regulations of the United States or any political subdivision of or in the United States that is enacted or becomes effective on or after September 8, 2015; (ii) proposed change in those laws or regulations that is announced or becomes effective on or after September 8, 2015; or (iii) official administrative decision or judicial decision or administrative action or other official pronouncement interpreting or applying those laws or regulations that is announced on or after September 8, 2015, there is more than an insubstantial risk that the Corporation will not be entitled to treat the full liquidation preference amount of all shares of Series V Preferred Stock then outstanding as Tier 1 capital (or its equivalent) for purposes of the capital adequacy guidelines or regulations of the appropriate federal banking agency, as then in effect and applicable, for as long as any share of Series V Preferred Stock is outstanding.

"*Series V Preferred Stock*" has the meaning set forth in Section 1 hereof.

"*Voting Parity Stock*" means any Parity Stock having similar voting rights as the Series V Preferred Stock.

**Section 4. Dividends.**

**(a) Rate**. Dividends on the Series V Preferred Stock will not be mandatory. Holders of Series V Preferred Stock shall be entitled to receive, when, as and if declared by the Board of Directors of the Corporation or any duly authorized committee of the Board of Directors of the Corporation, but only out of assets legally available therefor, non-cumulative cash dividends on the liquidation preference amount of $25,000 per share of the Series V Preferred Stock, payable quarterly in arrears on the 15th day of March, June, September and December of each year (commencing on December 15, 2015); provided, however, if any such day is not a Business Day, then payment of any dividend otherwise payable on that date will be made on the next succeeding day that is a Business Day, without any interest or other payment in respect of such delay (each such day on which dividends are payable a "*Dividend Payment Date*"). A "*Dividend Period*" means the period from, and including, a Dividend Payment Date to, but excluding, the next succeeding Dividend Payment Date, except for the initial Dividend Period, which will be the period from, and including, September 15, 2015 to, but excluding, December 15, 2015. Dividends on each share of Series V Preferred Stock will accrue at a rate *per annum* equal to

6.00%. The record date for payment of dividends on the Series V Preferred Stock shall be the last Business Day of the calendar month immediately preceding the month during which the Dividend Payment Date falls or such other date as determined by the Corporation's Board of Directors. The amount of dividends payable shall be computed on the basis of a 360-day year of twelve 30-day months. Dollar amounts resulting from that calculation will be rounded to the nearest cent, with one-half cent being rounded upward.

**(b) Non-Cumulative Dividends**. Dividends on shares of Series V Preferred Stock shall be non-cumulative. To the extent that any dividends payable on the shares of Series V Preferred Stock on any Dividend Payment Date are not declared prior to such Dividend Payment Date, then such dividends shall not cumulate and shall cease to accrue and be payable, and the Corporation shall have no obligation to pay, and the holders of Series V Preferred Stock shall have no right to receive, dividends accrued for such Dividend Period on the Dividend Payment Date for such Dividend Period or at any time in the future or interest with respect to such dividends, whether or not dividends are declared for any subsequent Dividend Period with respect to Series V Preferred Stock or any other series of authorized Preferred Stock, Preference Stock, or Common Stock of the Corporation.

**(c) Priority of Dividends**. So long as any shares of Series V Preferred Stock remain outstanding,

(1) no dividend shall be declared and paid or set aside for payment and no distribution shall be declared and made or set aside for payment on any Common Stock, and no shares of Common Stock shall be repurchased, redeemed or otherwise acquired for consideration by the Corporation, directly or indirectly, nor shall any monies be paid to or made available for a sinking fund for the redemption of any such Common Stock by the Corporation (other than (i) a dividend payable in Common Stock or (ii) the acquisition of shares of Common Stock in exchange for, or through application of proceeds of the sale of, shares of Common Stock);

(2) no dividend shall be declared and paid or set aside for payment and no distribution shall be declared and made or set aside for payment on any Junior Stock other than Common Stock, and no shares of Junior Stock other than Common Stock shall be repurchased, redeemed or otherwise acquired for consideration by the Corporation, directly or indirectly, nor shall any monies be paid to or made available for a sinking fund for the redemption of any such Junior Stock other than Common Stock by the Corporation (other than (i) a dividend payable solely in shares of Junior Stock, (ii) any dividend in connection with the implementation of a stockholder rights plan, or the redemption or repurchase of any rights under any such plan, (iii) any dividend in the form of stock, warrants, options or other rights where the dividend stock or stock issuable upon exercise of such warrants, options or other rights is the same stock as that on which the dividend is being paid or ranks equally with or junior to such stock, (iv) as a result of a reclassification of Junior Stock other than Common Stock for or into other Junior Stock, (v) the exchange or conversion of one share of Junior Stock other than Common Stock for or into another share of Junior Stock, (vi) through the use of proceeds of a substantially contemporaneous sale of other shares of Junior Stock, (vii) any purchase, redemption or other acquisition of Junior Stock other than Common Stock pursuant to any of the Corporation's or

any of its subsidiaries' employee, consultant or director incentive or benefit plans or arrangements (including any employment, severance or consulting arrangements) adopted before or after September 8, 2015, (viii) any purchase of fractional interests in shares of Junior Stock other than Common Stock pursuant to the conversion or exchange provisions of such Junior Stock other than Common Stock or the securities being converted or exchanged, (ix) the purchase of Junior Stock other than Common Stock by Wells Fargo Securities, LLC, or any other affiliate of the Corporation, in connection with the distribution thereof or (x) the purchase of Junior Stock other than Common Stock by Wells Fargo Securities, LLC, or any other affiliate of the Corporation, in connection with market-making or other secondary market activities in the ordinary course of business); and

(3) no shares of Parity Stock will be repurchased, redeemed or otherwise acquired for consideration by the Corporation otherwise than pursuant to *pro rata* offers to purchase all, or a *pro rata* portion, of the Series V Preferred Stock and such Parity Stock during a Dividend Period (other than (i) as a result of a reclassification of Parity Stock for or into other Parity Stock or Junior Stock, (ii) the exchange or conversion of one share of Parity Stock for or into another share of Parity Stock or Junior Stock, (iii) through the use of proceeds of a substantially contemporaneous sale of other shares of Parity Stock or Junior Stock, (iv) any purchase, redemption or other acquisition of Parity Stock pursuant to any of the Corporation's or any of its subsidiaries' employee, consultant or director incentive or benefit plans or arrangements (including any employment, severance or consulting arrangements) adopted before or after September 8, 2015, (v) any purchase of fractional interests in shares of Parity Stock pursuant to the conversion or exchange provisions of such Parity Stock or the securities being converted or exchanged, (vi) the purchase of Parity Stock by Wells Fargo Securities, LLC, or any other affiliate of the Corporation, in connection with the distribution thereof or (vii) the purchase of Parity Stock by Wells Fargo Securities, LLC, or any other affiliate of the Corporation, in connection with market-making or other secondary market activities in the ordinary course of business),

unless, in each case, the full dividends for the then-current Dividend Period on all outstanding shares of the Series V Preferred Stock have been declared and paid or declared and a sum sufficient for the payment of those dividends has been set aside.

Subject to the succeeding sentence, for so long as any shares of Series V Preferred Stock remain outstanding, no dividends shall be declared, paid, or set aside for payment on any Parity Stock for any period unless full dividends on all outstanding shares of Series V Preferred Stock for the then-current Dividend Period have been paid in full or declared and a sum sufficient for the payment thereof set aside. To the extent the Corporation declares dividends on the Series V Preferred Stock and on any Parity Stock but cannot make full payment of those declared dividends, the Corporation will allocate the dividend payments on a proportional basis among the holders of shares of Series V Preferred Stock and the holders of any Parity Stock then outstanding where the terms of such Parity Stock provide similar dividend rights.

Subject to the foregoing, and not otherwise, such dividends (payable in cash, stock or otherwise) as may be determined by the Board of Directors of the Corporation or any duly

authorized committee of the Board of Directors of the Corporation may be declared and paid on the Common Stock and any other stock that is Parity Stock or Junior Stock, from time to time out of any assets legally available for such payment, and the shares of Series V Preferred Stock shall not be entitled to participate in any such dividends.

**Section 5. Liquidation Rights.**

**(a) Liquidation**. In the event of any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation, holders of Series V Preferred Stock shall be entitled to receive in full out of assets available for distribution to its stockholders before any distribution or payment out of the assets of the Corporation may be made to or set aside for the holders of the Common Stock or any other Junior Stock, and subject to the rights of the holders of Parity Stock or any stock of the Corporation ranking senior to the Series V Preferred Stock as to such distribution, a liquidating distribution in the amount of $25,000 per share, plus an amount equal to any dividends which have been declared but not yet paid, without accumulation of any undeclared dividends, to the date of liquidation (the "*Liquidation Preference*"). The holders of Series V Preferred Stock shall not be entitled to any further payments in the event of any such voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation other than what is expressly provided for in this Section 5.

**(b) Partial Payment**. If the assets of the Corporation are not sufficient to pay in full the Liquidation Preference to all holders of Series V Preferred Stock and all holders of any Parity Stock, the amounts paid to the holders of Series V Preferred Stock and to the holders of all Parity Stock shall be *pro rata* in accordance with the respective aggregate liquidation preference of Series V Preferred Stock and all such Parity Stock.

**(c) Residual Distributions**. If the Liquidation Preference has been paid in full to all holders of Series V Preferred Stock and all other amounts payable upon liquidation, dissolution or winding up of the Corporation have been paid in full to all holders of any Parity Stock, the holders of Common Stock and any other Junior Stock shall be entitled to receive all remaining assets of the Corporation according to their respective rights and preferences.

**(d) Merger, Consolidation and Sale of Assets Not Liquidation**. For purposes of this Section 5, the sale, conveyance, exchange or transfer (for cash, shares of stock, securities or other consideration) of all or substantially all of the property and assets of the Corporation shall not be deemed a voluntary or involuntary dissolution, liquidation or winding up of the affairs of the Corporation, nor shall the merger, consolidation or any other business combination transaction of the Corporation into or with any other corporation or person or the merger, consolidation or any other business combination transaction of any other corporation or person into or with the Corporation be deemed to be a voluntary or involuntary dissolution, liquidation or winding up of the affairs of the Corporation.

**Section 6. Redemption.**

**(a) Optional Redemption**. The Corporation, at the option of its Board of Directors or any duly authorized committee of the Board of Directors of the Corporation, may redeem,

subject to the prior approval of the Federal Reserve Board, out of funds legally available therefor, in whole or in part, the shares of Series V Preferred Stock at the time outstanding, at any time on any Dividend Payment Date on or after December 15, 2020, upon notice given as provided in Section 6(b) below. The redemption price for shares of Series V Preferred Stock shall be $25,000 per share plus an amount equal to any dividends that have been declared but not paid up to the redemption date without accumulation of any undeclared dividends.

Notwithstanding the foregoing, within 90 days of the Corporation's good faith determination that a Regulatory Capital Treatment Event has occurred, the Corporation, at the option of its Board of Directors or any duly authorized committee of the Board of Directors of the Corporation, may, subject to the approval of the appropriate federal banking agency, redeem out of funds legally available therefor, in whole, but not in part, the shares of Series V Preferred Stock at the time outstanding, prior to December 15, 2020, upon notice given as provided in Section 6(b) below. The redemption price for shares of Series V Preferred Stock shall be $25,000 per share plus an amount equal to any dividends that have been declared but not paid, without accumulation of any undeclared dividends.

**(b) Notice of Redemption**. Notice of every redemption of shares of Series V Preferred Stock shall be mailed by first class mail, postage prepaid, addressed to the holders of record of such shares to be redeemed at their respective last addresses appearing on the stock register of the Corporation. Such mailing shall be at least 40 days and not more than 70 days before the date fixed for redemption. Any notice mailed as provided in this Section 6(b) shall be conclusively presumed to have been duly given, whether or not the holder receives such notice, but failure duly to give such notice by mail, or any defect in such notice or in the mailing thereof, to any holder of shares of Series V Preferred Stock designated for redemption shall not affect the validity of the proceedings for the redemption of any other shares of Series V Preferred Stock. Each notice shall state (i) the redemption date; (ii) the number of shares of Series V Preferred Stock to be redeemed and, if fewer than all the shares held by such holder are to be redeemed, if applicable, the number of such shares to be redeemed from such holder; (iii) the redemption price; (iv) the place or places where the certificates for those shares are to be surrendered for payment of the redemption price; and (v) that dividends on the shares to be redeemed will cease to accrue on the redemption date. Notwithstanding the foregoing, if the Series V Preferred Stock is held in book-entry form through DTC, the Corporation may give such notice in any manner permitted by DTC.

**(c) Partial Redemption**. In case of any redemption of only part of the shares of Series V Preferred Stock at the time outstanding, the shares of Series V Preferred Stock to be redeemed shall be selected either *pro rata* from the holders of record of Series V Preferred Stock in proportion to the number of Series V Preferred Stock held by such holders or in such other manner consistent with the rules and policies of the New York Stock Exchange as the Board of Directors of the Corporation or any duly authorized committee of the Board of Directors of the Corporation may determine to be fair and equitable. Subject to the provisions of this Section 6, the Board of Directors of the Corporation or any duly authorized committee of the Board of Directors shall have full power and authority to prescribe the terms and conditions upon which shares of Series V Preferred Stock shall be redeemed from time to time.

**(d) Effectiveness of Redemption**. If notice of redemption has been duly given and if on or before the redemption date specified in the notice all funds necessary for the redemption have been irrevocably set aside by the Corporation, separate and apart from its other assets, in trust for the *pro rata* benefit of the holders of the shares called for redemption, so as to be and continue to be available therefor, or deposited by the Corporation with a bank or trust company selected by the Board of Directors of the Corporation or any duly authorized committee of the Board of Directors (the "*Depositary Company*") in trust for the *pro rata* benefit of the holders of the shares called for redemption, then, notwithstanding that any certificate for any share so called for redemption has not been surrendered for cancellation, on and after the redemption date all shares so called for redemption shall cease to be outstanding, all dividends with respect to such shares shall cease to accrue after such redemption date, and all rights with respect to such shares shall forthwith on such redemption date cease and terminate, except only the right of the holders thereof to receive the amount payable on such redemption from the Depository Company at any time after the redemption date from the funds so deposited, without interest. The Corporation shall be entitled to receive, from time to time, from the Depositary Company any interest accrued on such funds, and the holders of any shares called for redemption shall have no claim to any such interest. Any funds so deposited and unclaimed at the end of two years from the redemption date shall, to the extent permitted by law, be released or repaid to the Corporation, after which time the holders of the shares so called for redemption shall look only to the Corporation for payment of the redemption price of such shares.

**Section 7. Voting Rights.**

**(a) General.** The holders of Series V Preferred Stock shall not be entitled to vote on any matter except as set forth in paragraph 7(b) below or as required by applicable law.

**(b) Right To Elect Two Directors Upon Nonpayment Events.** Whenever dividends payable on any shares of Series V Preferred Stock or any class or series of Voting Parity Stock have not been declared and paid in an aggregate amount equal to, as to any class or series, at least six quarterly Dividend Periods or their equivalent, whether or not for consecutive Dividend Periods (a "*Nonpayment Event*"), the holders of the outstanding Series V Preferred Stock, voting together as a class with holders of Voting Parity Stock whose voting rights are exercisable, will be entitled to vote for the election of two additional directors of the Corporation's Board of Directors at the Corporation's next annual meeting of stockholders and at each subsequent annual meeting of stockholders (the "*Preferred Stock Directors*") by a plurality of the votes cast; *provided* that the Board of Directors shall at no time include more than two Preferred Stock Directors (including, for purposes of this limitation, all directors that the holders of any series of Voting Parity Stock are entitled to elect pursuant to like voting rights). Upon the vesting of such right of such holders, the maximum authorized number of members of the Board of Directors shall automatically be increased by two and the two vacancies so created shall be filled by vote of the holders of the outstanding Series V Preferred Stock (together with the holders of shares of any one or more other series of Voting Parity Stock). At elections for such directors, each holder of the Series V Preferred Stock shall be entitled to 25 votes for each share held (the holders of shares of any other series of Voting Parity Stock being entitled to such number of votes, if any, for each share of such stock as may be granted to them). The right of the holders of the Series V

Preferred Stock (voting together as a class with the holders of shares of any one or more other series of Voting Parity Stock) to elect Preferred Stock Directors shall continue until such time as the Corporation has paid in full dividends for the equivalent of at least four quarterly Dividend Periods or their equivalent, at which time such right with respect to the Series V Preferred Stock shall terminate, except as provided by law, and subject to revesting in the event of each and every subsequent default of the character described in this Section 7(b).

Upon any termination of the right of the holders of all shares of Series V Preferred Stock and Voting Parity Stock to vote for Preferred Stock Directors, the term of office of all Preferred Stock Directors then in office elected by only those holders voting as a class shall terminate immediately. Any Preferred Stock Director may be removed at any time without cause by the holders of a majority of the outstanding shares of Series V Preferred Stock and Voting Parity Stock, when they have the voting rights described above (voting together as a class). In case any vacancy shall occur among the Preferred Stock Directors, a successor may be elected by a plurality of the votes cast by the holders of Series V Preferred Stock and Voting Parity Stock having the voting rights described above, voting together as a class, unless the vacancy has already been filled. The Preferred Stock Directors shall each be entitled to one vote per director on any matter that shall come before the Board of Directors for a vote. Whenever the term of office of the directors elected by such holders voting as a class shall end and the special voting powers vested in such holders as provided in this Section 7(b) shall have expired, the number of directors shall be such number as may be provided for in the By-Laws irrespective of any increase made pursuant to this Section 7(b).

**(c) Other Voting Rights**. In addition to any other vote required by law or the Restated Certificate of Incorporation, so long as any shares of the Series V Preferred Stock remain outstanding, the vote or consent of the holders of the outstanding shares of Series V Preferred Stock and outstanding shares of all other series of Voting Parity Stock entitled to vote on the matter, by a vote of at least 66 2/3% in voting power of all such outstanding Series V Preferred Stock and such Voting Parity Stock, voting together as a class, given in person or by proxy, either in writing without a meeting or at any meeting called for the purpose, shall be necessary to permit, effect or validate any one or more of the following actions, whether or not such approval is required by Delaware law: (i) the issuance of any class or series of Preferred Stock or Preference Stock ranking senior to the Series V Preferred Stock in the payment of dividends or the distribution of assets in the event of the Corporation's voluntary or involuntary liquidation, dissolution or winding up; (ii) any amendment, alteration or repeal of any provision of the Restated Certificate of Incorporation, including the Certificate of Designation, or the Bylaws that would adversely affect the rights, preferences, privileges or voting powers of the Series V Preferred Stock; (iii) any amendment or alteration of the Restated Certificate of Incorporation, including the Certificate of Designation, or Bylaws to authorize, create, or increase the authorized amount of, any shares of, or any securities convertible into shares of, any class or series of the Corporation's capital stock ranking senior to the Series V Preferred Stock with respect to either the payment of dividends or in the distribution of assets in the event of the Corporation's voluntary or involuntary liquidation, dissolution or winding up; or (iv) any consummation of a reclassification involving the Series V Preferred Stock or a merger or consolidation with another corporation or other entity, except holders of the Series V Preferred

Stock will have no right to vote under this section 7(c)(iv) if in each case (a) the shares of Series V Preferred Stock remain outstanding or, in the case of any such merger or consolidation with respect to which the Corporation is not the surviving or resulting entity, are converted into or exchanged for preference securities of the surviving or resulting entity or its ultimate parent, and (b) such shares of Series V Preferred Stock remaining outstanding or such preference securities, as the case may be, have such rights, preferences, privileges and voting powers, taken as a whole, as are not materially less favorable to the holders thereof than the rights, preferences, privileges and voting powers of the Series V Preferred Stock, taken as a whole; *provided, however*, that any authorization, creation or increase in the authorized amount of or issuance of the Series V Preferred Stock or any Parity Stock or Junior Stock or any securities convertible into any class or series of Parity Stock (whether dividends payable in respect of such Parity Stock are cumulative or non-cumulative) or Junior Stock will be deemed not to adversely affect the rights, preferences, privileges or voting powers of the Series V Preferred Stock, and holders of the Series V Preferred Stock shall have no right to vote thereon.

If any amendment, alteration, repeal, reclassification, merger or consolidation specified in this Section 7(c) would adversely affect one or more but not all series of voting Preferred Stock (including the Series V Preferred Stock), then only those series affected by and entitled to vote on the matter shall vote on the matter together as a class (in lieu of all other series of Preferred Stock).

Each holder of the Series V Preferred Stock will have 25 votes per share on any matter on which holders of the Series V Preferred Stock are entitled to vote, whether separately or together with any other series of stock of the Corporation (the holders of any shares of any other series of stock being entitled to such number of votes, if any, for each share of stock as may be granted to them), pursuant to Delaware law or otherwise, including by written consent.

**(d) Changes after Provision for Redemption**. No vote or consent of the holders of Series V Preferred Stock shall be required pursuant to Section 7(b) or (c) above if, at or prior to the time when any such vote or consent would otherwise be required pursuant to such Section, all outstanding Series V Preferred Stock shall have been redeemed, or notice of redemption has been given and sufficient funds shall have been irrevocably deposited in trust to effect such redemption.

**(e) Procedures for Voting and Consents.** The rules and procedures for calling and conducting any meeting of the holders of Series V Preferred Stock (including, without limitation, the fixing of a record date in connection therewith), the solicitation and use of proxies at such a meeting, the obtaining of written consents and any other aspect or matter with regard to such a meeting or such consents shall be governed by any rules the Board of Directors, in its discretion, may adopt from time to time, which rules and procedures shall conform to the requirements of the Restated Certificate of Incorporation, the Bylaws, applicable law and any national securities exchange or other trading facility in which the Series V Preferred Stock is listed or traded at the time.

**Section 8. Preemption and Conversion**. The holders of Series V Preferred Stock shall not have any rights of preemption or rights to convert such Series V Preferred Stock into shares of any other class of capital stock of the Corporation.

**Section 9. Reacquired Shares**. Shares of Series V Preferred Stock which have been issued and redeemed or otherwise purchased or acquired by the Corporation shall be restored to the status of authorized but unissued shares of Preferred Stock without designation as to series.

**Section 10. No Sinking Fund**. Shares of Series V Preferred Stock are not subject to the operation of a sinking fund.

**Section 11. Additional Classes or Series of Stock**. Notwithstanding anything set forth in the Restated Certificate of Incorporation or this Certificate of Designation to the contrary, the Board of Directors of the Corporation, or any authorized committee of the Board of Directors of the Corporation, (i) without the vote of the holders of the Series V Preferred Stock, may authorize and issue additional shares of Junior Stock and Parity Stock and (ii) with the requisite vote of the holders of the Series V Preferred Stock and Parity Stock entitled to vote thereon, may authorize and issue any additional class or series of Preferred Stock or Preference Stock senior to the Series V Preferred Stock as to the payment of dividends and/or the distribution of assets upon any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation.

*[Signature Page Follows]*

**In Witness Whereof, Wells Fargo & Company** has caused this Certificate of Designation to be signed by Barbara S. Brett, its Senior Vice President and Assistant Treasurer, and Jeannine E. Zahn, its Assistant Secretary, this 10th day of September, 2015.

**Wells Fargo & Company**

By: /s/ Barbara S. Brett
Barbara S. Brett, Senior Vice President and Assistant Treasurer

/s/ Jeannine E. Zahn
Jeannine E. Zahn, Assistant Secretary

[As filed with the Delaware Secretary of State on September 11, 2015.]

WELLS FARGO & COMPANY

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CERTIFICATE OF DESIGNATION
Pursuant to Section 151 of the
General Corporation Law of the State of Delaware

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2016 ESOP CUMULATIVE CONVERTIBLE PREFERRED STOCK
(Without Par Value)

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WELLS FARGO & COMPANY, a corporation organized and existing under the laws of the State of Delaware (the "Company"), HEREBY CERTIFIES that, pursuant to authority conferred upon the Board of Directors of the Company (the "Board") by the provisions of the Restated Certificate of Incorporation of the Company, as amended, which authorize the issuance of not more than 20,000,000 shares of Preferred Stock, without par value (the "Preferred Stock"), and pursuant to authority conferred upon the ESOP Preferred Stock Committee I of the Board (the "ESOP Committee") in accordance with Section 141(c) of the General Corporation Law of the State of Delaware (the "General Corporation Law") and by the resolutions of the Board set forth herein, the following resolutions were duly adopted by the Board at meetings of the Board duly held on January 25, 2000, January 27, 2009, and February 24, 2009, and by the ESOP Committee pursuant to the written consent of the ESOP Committee duly adopted on January 4, 2016, in accordance with Section 141(f) of the General Corporation Law:

1. On January 25, 2000, the Board adopted the following resolution (the "ESOP Board Resolutions") appointing the ESOP Committee and delegating to the ESOP Committee the full powers of the Board, subject to the ESOP Board Resolutions, in all matters relating to issuance of one or more series of Preferred Stock ("ESOP Preferred Stock") to the trustee on behalf of the Company's 401(k) Plan:

RESOLVED that a committee of one member of the Board of the Company is hereby appointed by the Board as the ESOP Preferred Stock Committee I (the "First Committee"), which shall have and may exercise the full powers of the Board, subject to these resolutions, to issue from time to time one or more series of ESOP Preferred Stock, including any shares of Company common stock ($1 2/3 par value) issuable upon conversion of ESOP Preferred Stock, and in connection therewith, to fix the designations, voting powers, preferences, and all other rights, qualifications and restrictions of such ESOP Preferred Stock, to sell such ESOP Preferred Stock to the Plan on such terms and conditions and for such purchase price as the First Committee in its discretion shall approve, and to take any and all actions as the First Committee shall deem necessary or appropriate.

2. On January 27, 2009, the Board adopted the following resolutions (the "January 2009 Resolutions") amending the ESOP Board Resolutions to allow the ESOP Committee to establish the voting rights of any series of ESOP Preferred Stock:

RESOLVED that the resolution set forth in the ESOP Board Resolutions under the caption "Voting Rights of ESOP Preferred Stock" is hereby deleted in its entirety.

RESOLVED that the ESOP Board Resolutions are hereby further amended to delete "Appendix A - Voting Rights" in its entirety.

3. Pursuant to resolutions adopted on February 24, 2009, the Board designated John G. Stumpf as the sole member of the ESOP Committee, effective April 29, 2009.

4. On January 4, 2016, pursuant to authority conferred upon it by the Board in the ESOP Board Resolutions as amended by the January 2009 Resolutions, the ESOP Committee adopted the following resolution by written consent in accordance with Section 141(f) of the General Corporation Law:

RESOLVED that the issuance of a series of Preferred Stock, without par value, of the Company is hereby authorized and the designation, voting powers, preferences, and relative, participating, optional, and other special rights, and qualifications, limitations and restrictions thereof, in addition to those set forth in the Restated Certificate of Incorporation of the Company, as amended, are hereby fixed as follows:

2016 ESOP CUMULATIVE CONVERTIBLE PREFERRED STOCK

1. Designation and Number of Shares; Restricted Issue.

(a) The designation of the series of Preferred Stock, without par value, provided for herein shall be "2016 ESOP Cumulative Convertible Preferred Stock" (hereinafter referred to as the "2016 ESOP Preferred Stock") and the number of authorized shares constituting the 2016 ESOP Preferred Stock is 1,150,000, based on an offering price for the 2016 ESOP Preferred Stock of $1,086.00 per share. Each share of 2016 ESOP Preferred Stock shall have a stated value of $1,000.00 per share. The number of authorized shares of 2016 ESOP Preferred Stock may be reduced by further resolution duly adopted by the Board or the Securities Committee and by the filing of a certificate pursuant to the provisions of the General Corporation Law of the State of Delaware stating that such reduction has been so authorized; provided, however, that the authorized number of shares of 2016 ESOP Preferred Stock shall not be decreased below the then outstanding number of such shares, and provided further that the number of authorized shares of 2016 ESOP Preferred Stock shall not be increased. All shares of the 2016 ESOP Preferred Stock purchased, redeemed, or converted by the Company shall be retired and canceled and shall be restored to the status of authorized but unissued shares f Preferred Stock, without designation as to series, and may thereafter be issued, but not as shares of 2016 ESOP Preferred Stock.

(b) Shares of 2016 ESOP Preferred Stock shall be issued only to a trustee (the "Trustee") acting on behalf of the Wells Fargo & Company 401(k) Plan, or any successor to such plan (the "Plan"). All references to the holder of shares of 2016 ESOP Preferred Stock shall mean the Trustee or any company with which or into which the Trustee may merge or any successor trustee under the trust agreement with respect to the Plan. In the event of any transfer

of record ownership of shares of 2016 ESOP Preferred Stock to any person other than any successor trustee under the Plan, the shares of 2016 ESOP Preferred Stock so transferred, upon such transfer and without any further action by the Company or the holder thereof, shall be automatically converted into shares of the common stock, par value $1-2/3 per share, of the Company (the "Common Stock") on the terms otherwise providing for the conversion of the shares of 2016 ESOP Preferred Stock into shares of Common Stock pursuant to paragraph (a) of Section 4 hereof, and no such transferee shall have any of the voting powers, preferences, and relative, participating, optional or special rights ascribed to shares of 2016 ESOP Preferred Stock hereunder but, rather, only the powers and rights pertaining to the Common Stock into which such shares of 2016 ESOP Preferred Stock shall be so converted. In the event of such a conversion, the transferee of the shares of 2016 ESOP Preferred Stock shall be treated for all purposes as the record holder of the shares of Common Stock into which such shares of 2016 ESOP Preferred Stock have been automatically converted as of the date of such transfer. Shares of 2016 ESOP Preferred Stock may be certificated or uncertificated, at the Company's option. Certificates representing shares of 2016 ESOP Preferred Stock shall bear a legend to reflect the foregoing provisions. In the case of uncertificated 2016 ESOP Preferred Stock, the transfer agent for the 2016 ESOP Preferred Stock shall note the foregoing provisions on each 2016 ESOP Preferred Stock book entry account. The Company may require that, as a condition to transferring record ownership of any uncertificated 2016 ESOP Preferred Stock, the proposed transferee acknowledge in writing that the shares of 2016 ESOP Preferred Stock are subject to the foregoing provisions. Notwithstanding the foregoing provisions of this paragraph (b) of Section 1, shares of 2016 ESOP Preferred Stock (i)(A) shall be converted into shares of Common Stock as provided in paragraph (a) of Section 4 hereof, and (B) may be converted into shares of Common Stock as provided by paragraph (b) of Section 4 hereof and the shares of Common Stock issued upon such conversion may be transferred by the holder thereof as permitted by law and (ii) shall be redeemable by the Company upon the terms and conditions provided in Sections 5 and 6(c) hereof.

2. Voting Rights. No shares of 2016 ESOP Preferred Stock shall have voting rights except such voting rights as may from time to time be required by law and as set forth in this Section 2, as follows:

(a) Whenever, at any time or times, dividends payable on shares of 2016 ESOP Preferred Stock shall be in arrears for such number of dividend periods which shall in the aggregate contain not less than 540 days, the holders of the outstanding shares of 2016 ESOP Preferred Stock shall have the exclusive right, voting together as a class with holders of shares of any one or more series of Voting Parity Stock, as defined in paragraph (e) of this Section 2,whose voting rights are exercisable, to elect two directors of the Company's Board at the Company's next annual meeting of stockholders and at each subsequent annual meeting of stockholders (the "Preferred Stock Directors") by a plurality of the votes cast; provided that the Board of Directors shall at no time include more than two Preferred Stock Directors (including, for purposes of this limitation, all directors that the holders of any series of Voting Parity Stock are entitled to elect pursuant to like voting rights). At elections for such directors, each holder of the shares of 2016 ESOP Preferred Stock shall be entitled to one vote for each share held (the holders of shares of any series of Voting Parity Stock being entitled to such number of votes, if any, for each share of

Preferred Stock held as may be granted to them). Upon the vesting of such right of such holders, the maximum authorized number of members of the Board shall automatically be increased by two and the two vacancies so created shall be filled by a vote of the holders of such outstanding shares of 2016 ESOP Preferred Stock (together with the holders of shares of any one or more series of Voting Parity Stock whose voting rights are exercisable) as herein set forth. The right of such holders of such shares of 2016 ESOP Preferred Stock (voting together as a class with the holders of shares of any one or more series of Voting Parity Stock whose voting rights are exercisable) to elect Preferred Stock Directors as aforesaid shall continue until such time as all dividends accumulated on such shares of 2016 ESOP Preferred Stock shall have been paid in full, at which time such right with respect to such shares of 2016 ESOP Preferred Stock shall terminate, except as herein or by law expressly provided, subject to revesting in the event of each and every subsequent default of the character above mentioned.

(b) Upon any termination of the right of the holders of all shares of 2016 ESOP Preferred Stock and Voting Parity Stock entitled to vote for Preferred Stock Directors, the term of office of all Preferred Stock Directors then in office elected by such holders voting as a class shall terminate immediately. Any Preferred Stock Director may be removed at any time without cause by the holders of a majority of the outstanding shares of 2016 ESOP Preferred Stock and Voting Parity Stock, when they have the voting rights described above (voting together as a class). In case any vacancy shall occur among the Preferred Stock Directors, a successor may be elected by a plurality of the votes cast by the holders of 2016 ESOP Preferred Stock and Voting Parity Stock having the voting rights described above, voting together as a class, unless the vacancy has already been filled. The Preferred Stock Directors shall each be entitled to one vote per director on any matter that shall come before the Board of Directors for a vote. Whenever the term of office of the directors elected by such holders voting as a class shall end and the special voting powers vested in such holders as provided in this resolution shall have expired, the number of directors shall be such number as may be provided for in the By-Laws of the Company irrespective of any increase made pursuant to the provisions of this Section 2(b).

(c) In addition to any other vote required by law or the Restated Certificate of Incorporation, so long as any shares of 2016 ESOP Preferred Stock remain outstanding, the vote or consent of the holders of the outstanding shares of 2016 ESOP Preferred Stock and outstanding shares of all series of Voting Parity Stock entitled to vote on the matter, by a vote of at least two-thirds in voting power of all such outstanding shares of 2016 ESOP Preferred Stock and such series of Voting Parity Stock voting
together as a class, given in person or by proxy, either in writing or at any special or annual meeting called for the purpose, shall be necessary to permit, effect or validate any one or more of the following whether or not such approval is required by Delaware law:

(i) the authorization, creation or issuance, or any increase in the authorized or issued amount, of any class or series of stock ranking prior to shares of 2016 ESOP Preferred Stock with respect to payment of dividends or the distribution of assets on the Company's voluntary or involuntary liquidation, dissolution or winding up, or

(ii) the amendment, alteration or repeal, whether by merger, consolidation or otherwise, of any of the provisions of the Restated Certificate of Incorporation or of the resolutions set forth in a Certificate of Designation designating shares of 2016 ESOP Preferred Stock and the preferences, powers and relative, participating, optional and other special rights and qualifications, limitations and restrictions thereof which would materially and adversely affect any right, preference, privilege or voting power of the shares of 2016 ESOP Preferred Stock or of the holders thereof; provided, however, that any increase in the amount of authorized Preferred Stock, or the creation and issuance of other series of Preferred Stock, or any increase in the amount of authorized shares of any series of Preferred Stock, in each case ranking on a parity with or junior to the shares of 2016 ESOP Preferred Stock with respect to the payment of dividends and the distribution of assets upon liquidation, dissolution or winding up, shall not be deemed to materially and adversely affect such rights, preferences, privileges or voting powers.

(d) The foregoing voting provisions shall not apply if, at or prior to the time when the act with respect to which such vote would otherwise be required shall be effected, all outstanding shares of 2016 ESOP Preferred Stock shall have been redeemed or sufficient funds shall have been irrevocably deposited in trust to effect such redemption.

(e) As used in this Section 2, "Voting Parity Stock" means any other class or series of stock of the Company now existing or hereafter authorized that ranks on par with the 2016 ESOP Preferred Stock in the payment of dividends (whether such dividends are cumulative or non-cumulative) or in the distribution of assets in the event of any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Company and having similar voting rights as the 2016 ESOP Preferred Stock.

3. Dividends. (a)(i) Holders of shares of 2016 ESOP Preferred Stock will be entitled to receive, when and as declared by the Board or a duly authorized committee thereof, out of assets of the Company legally available for payment, an annual cash dividend of $93.00 (the "Base Dividend") per share, which Base Dividend shall be subject to adjustment from time to time as provided in this Section 3.

(ii) The Base Dividend shall be adjusted, effective on December 1, 2017 and on each December 1 thereafter until December 1, 2024, as follows:

(1) If the Current Market Price (as hereinafter defined) of one share of Common Stock on November 30 (or the next preceding Trading Day (as hereinafter defined) if November 30 is not a Trading Day) of any year listed in the Dividend Adjustment Table below is equal to or greater than the First Target Price but less than the Second Target Price shown opposite that year in such table, then holders of shares of the 2016 ESOP Preferred Stock will be entitled to receive a cash dividend for the immediately following twelve month period equal to $98.00 per share (the "First Adjusted Dividend").

(2) If the Current Market Price of one share of Common Stock on November 30 (or the next preceding Trading Day if November 30 is not a Trading Day) of any year listed in the Dividend Adjustment Table below is equal to or greater than the

Second Target Price shown opposite that year in such table, then holders of shares of 2016 ESOP Preferred Stock will be entitled to receive a cash dividend for the immediately following twelve month period equal to $103.00 per share (the "Second Adjusted Dividend").

(3) If the Current Market Price of one share of Common Stock on November 30 (or next preceding Trading Day if November 30 is not a Trading Day) of any year listed in the Dividend Adjustment Table below is less than the First Target Price shown opposite that year in such table, then the holders of shares of 2016 ESOP Preferred Stock will be entitled to receive a cash dividend for the immediately following twelve month period equal to the Base Dividend.

**Dividend Adjustment Table**

| Closing Price on 11/30 | First Target Price | Second Target Price |
|---|---|---|
| 2017 | $63.00 | $66.74 |
| 2018 | $67.10 | $73.25 |
| 2019 | $71.46 | $80.39 |
| 2020 | $76.10 | $88.23 |
| 2021 | $81.05 | $96.83 |
| 2022 | $86.32 | $106.27 |
| 2023 | $91.93 | $116.63 |
| 2024 | $97.91 | $128.00 |

(4) As an example of the adjustments described in subparagraphs (1) through (3) above, if on November 30, 2017, the Current Market Price of one share of Common Stock is $64.00, then the cash dividend payable for the immediately following twelve month period per share of 2016 ESOP Preferred Stock would equal $98.00, with the first quarterly payment of such $98.00 dividend to be made on March 1, 2018. If on November 30, 2018, the Current Market Price of one share of Common Stock is $74.00, then the cash dividend payable for the immediately following twelve month period per share of 2016 ESOP Preferred Stock would equal $103.00, with the first quarterly payment of such $103.00 dividend to be made on March 1, 2019. If on November 30, 2019, the Current Market Price of one share of Common Stock is $68.00, then the cash dividend payable for the immediately following twelve month period per share of 2016 ESOP Preferred Stock would equal $93.00, with the first quarterly payment of such $93.00 dividend to be made on March 1, 2020.

(5) For purposes of this Section 3, the terms "First Adjusted Dividend" and "Second Adjusted Dividend" are sometimes referred to as an "Adjusted Dividend;" the term "Current Market Price" shall have the meaning given to it in Section 4(c)(iv); and the term "Trading Day" shall have the meaning given to it in Section 4(c)(vi).

(iii) If one share of Common Stock in any year listed in the Dividend Adjustment Table shall be changed into a different number of shares or a different class of shares by reason of any reclassification, recapitalization, split-up, combination, exchange of shares or readjustment, or if a stock dividend thereon shall be declared with a record date within such period, then the First Target Price and the Second Target Price listed in such table for that year and each subsequent year will be appropriately and proportionately adjusted.

(iv) Dividends payable on shares of the 2016 ESOP Preferred Stock (whether such dividends are equal to the Base Dividend or to an Adjusted Dividend) shall be payable quarterly on March 1, June 1, September 1, and December 1 of each year, commencing March 1, 2016. Dividends on shares of the 2016 ESOP Preferred Stock will be cumulative from the date of initial issuance of such shares of 2016 ESOP Preferred Stock. Dividends will be payable, in arrears, to holders of record as they appear on the stock books of the Company on such record dates, not more than 30 days nor less than 15 days preceding the payment dates thereof, as shall be fixed by the Board or a duly authorized committee thereof. The amount of dividends payable per share for each dividend period shall be computed by dividing by four the Base Dividend or the Adjusted Dividend, whichever is then applicable. The amount of dividends payable for the initial dividend period or any period shorter than a full dividend period shall be calculated on the basis of actual days elapsed in a 360-day year of twelve 30-day months.

(b)(i) No full dividends shall be declared or paid or set apart for payment on any stock of the Company ranking, as to dividends, on a parity with or junior to the 2016 ESOP Preferred Stock for any period unless full cumulative dividends have been or contemporaneously are declared and paid or declared and a sum sufficient for the payment thereof has been set apart for such payment on shares of 2016 ESOP Preferred Stock for all dividend payment periods terminating on or prior to the date of payment of such full cumulative dividends. When dividends are not paid in full, as aforesaid, upon the shares of 2016 ESOP Preferred Stock and any other series of Preferred Stock ranking on a parity as to dividends with 2016 ESOP Preferred Stock, all dividends declared upon shares of 2016 ESOP Preferred Stock and any other series of Preferred Stock ranking on a parity as to dividends with 2016 ESOP Preferred Stock shall be declared pro rata so that the amount of dividends declared per share on 2016 ESOP Preferred Stock and such other series of Preferred Stock shall in all cases bear to each other the same ratio that accrued dividends per share on the shares of 2016 ESOP Preferred Stock and such other series of Preferred Stock bear to each other. Holders of shares of 2016 ESOP Preferred Stock shall not be entitled to any dividend, whether payable in cash, property, or stock, in excess of full cumulative dividends, as herein provided, on 2016 ESOP Preferred Stock. No interest, or sum of money in lieu of interest, shall be payable in respect of any dividend payment or payments on 2016 ESOP Preferred Stock which may be in arrears.

(ii) So long as any shares of 2016 ESOP Preferred Stock are outstanding, no dividend (other than dividends or distributions paid in shares of, or options, warrants, or rights to subscribe for or purchase shares of, Common Stock or any other stock ranking junior to 2016 ESOP Preferred Stock as to dividends or upon liquidation and other than as provided in paragraph (b)(i) of this Section 3) shall be declared or paid or set aside for payment or other

distribution declared or made upon Common Stock or any other capital stock of the Company ranking junior to or on a parity with 2016 ESOP Preferred Stock as to dividends or upon liquidation, nor shall any Common Stock or any other capital stock of the Company ranking junior to or on a parity with 2016 ESOP Preferred Stock as to dividends or upon liquidation, dissolution or winding up be redeemed, purchased, or otherwise acquired for any consideration (or any moneys be paid to or made available for a sinking fund for the redemption of any shares of any such stock) by the Company (except by conversion into or exchange for stock of the Company ranking junior to 2016 ESOP Preferred Stock as to dividends or upon liquidation, dissolution or winding up), unless, in each case, the full cumulative dividends on all outstanding shares of 2016 ESOP Preferred Stock shall have been paid or declared and set aside for payment of the then current dividend payment period and all past dividend payment periods.

4. Conversion. Shares of 2016 ESOP Preferred Stock are convertible from time to time hereafter pursuant to the provisions of paragraphs (a) or (b) of this Section 4 into that number of shares of Common Stock determined by dividing the stated value of each share of 2016 ESOP Preferred Stock by the then applicable Conversion Price, (as determined in accordance with the provisions of paragraph (c)(iii) of this Section 4), as follows:

(a) Each share of 2016 ESOP Preferred Stock released from the unallocated reserve of the Plan in accordance with the terms thereof shall be automatically converted, without any further action by the Company or the holder thereof, as of the date such release occurs (the "Release Date"), into fully paid and nonassessable shares of Common Stock at the then applicable Conversion Price for the 2016 ESOP Preferred Stock provided for in paragraph (c) of this Section 4.

(b) Subject to and upon compliance with the provisions of this Section 4, a holder of 2016 ESOP Preferred Stock shall be entitled at any time, prior to the close of business on the date fixed for redemption of such shares pursuant to Sections 5 or 6 hereof, to cause any or all of the shares of 2016 ESOP Preferred Stock held by such holder to be converted into fully paid and nonassessable shares of Common Stock at the then applicable Conversion Price for 2016 ESOP Preferred Stock provided for in paragraph (c) of this Section 4.

(c) For purposes of these resolutions, the following terms shall have the meanings set forth below:

(i) The "Average Current Market Price" per share of Common Stock on any date shall be deemed to be the average of the Current Market Price for one share of Common Stock for the twenty (20) consecutive Trading Days ending on the Trading Day occurring prior to the date the "Purchase Offer" is made (as that term is defined in Section 6(d) hereof).

(ii) A "Business Day" means each day that is not a Saturday, Sunday, or a day on which state or federally chartered banking institutions in the State of New York are not required to be open.

(iii) (A) For purposes of a mandatory conversion of shares of 2016 ESOP Preferred Stock into shares of Common Stock pursuant to the provisions of paragraph (a) of this

Section 4, the "Conversion Price" for such shares of 2016 ESOP Preferred Stock shall be the Current Market Price of one share of Common Stock on the relevant Release Date.

(B) For purposes of an optional conversion of shares of 2016 ESOP Preferred Stock into shares of Common Stock pursuant to the provisions of paragraph (b) of this Section 4, the "Conversion Price" for such shares of 2016 ESOP Preferred Stock shall be the Current Market Price of one share of Common Stock on the date the Conversion Notice (as that term is defined in paragraph (d) of this Section 4) is received by the Company, by the transfer agent for the 2016 ESOP Preferred Stock or by any agent for conversion of the 2016 ESOP Preferred Stock designated as such pursuant to paragraph (d) of this Section 4.

(C) For purposes of a conversion of shares of 2016 ESOP Preferred Stock into shares of Common Stock in connection with a "Purchase Offer" (as defined in Section 6(d) hereof), the "Conversion Price" for such shares of 2016 ESOP Preferred Stock shall be the Average Current Market Price of one share of Common Stock.

Each share of 2016 ESOP Preferred Stock shall be valued at its stated value of $1,000.00 for purposes of computing, based on the applicable Conversion Price, the number of shares of Common Stock into which the shares of 2016 ESOP Preferred Stock will be converted.

(iv) The "Current Market Price" of publicly traded shares of Common Stock or any other class of capital stock or other security of the Company or any other issuer for any day shall mean the reported last sale price, regular way, or, in case no sale takes place on such day, the average of the reported closing bid and asked prices, regular way, in either case as reported on the New York Stock Exchange only or, if the Common Stock is not listed or admitted to trading on the New York Stock Exchange, on the principal national securities exchange on which the Common Stock is listed or admitted to trading or, if not listed or admitted to trading on any national securities exchange, on the National Market System of the National Association of Securities Dealers, Inc. Automated Quotations System ("NASDAQ") or, if the Common Stock is not quoted on such National Market System, the average of the closing bid and asked prices on such day in the over-the-counter market as reported by NASDAQ or, if bid and asked prices for the Common Stock on each such day shall not have been reported through NASDAQ, the average of the bid and asked prices for such day as furnished by any New York Stock Exchange member firm regularly making a market in the Common Stock selected for such purpose by the Board or a committee thereof or, if no such quotations are available, the fair market value of the Common Stock as determined by a New York Stock Exchange member firm regularly making a market in the Common Stock selected for such purpose by the Board or a committee thereof.

(v) "Common Stock" shall mean the Common Stock of the Company as the same exists at the date of this Certificate of Designation or as such stock may be constituted from time to time.

(vi) "Trading Day" with respect to Common Stock means (x) if the Common Stock is listed or admitted for trading on the New York Stock Exchange or another national securities exchange, a day on which the New York Stock Exchange or such other national securities exchange is open for business or (y) if the Common Stock is quoted on the

National Market System of NASDAQ, a day on which trades may be made on such National Market System or (z) otherwise, any Business Day.

(d) In connection with any conversion of 2016 ESOP Preferred Stock pursuant to this Section 4, a written notice of conversion (the "Conversion Notice") shall be delivered to the Company at its principal executive office or the offices of the transfer agent for the 2016 ESOP Preferred Stock or such office or offices in the continental United States of an agent for conversion as may from time to time be designated by notice to the holders of the 2016 ESOP Preferred Stock by the Company or the transfer agent for the 2016 ESOP Preferred Stock, which Conversion Notice shall be accompanied by (a) in the case of certificated 2016 ESOP Preferred Stock, the certificate or certificates representing the shares of 2016 ESOP Preferred Stock being converted pursuant to this Section 4, duly assigned or endorsed for transfer to the Company (or accompanied by duly executed stock powers relating thereto) and (b) in the case of uncertificated 2016 ESOP Preferred Stock, duly executed assignment and transfer documents for the shares of 2016 ESOP Preferred Stock being converted pursuant to this Section 4. Each Conversion Notice shall specify (i)(y) in the case of a mandatory conversion pursuant to paragraph (a) of this Section 4, the number of shares of 2016 ESOP Preferred Stock released from the unallocated reserve of the Plan on the Release Date or (z) in the case of an optional conversion pursuant to paragraph (b) of this Section 4, the number of shares of 2016 ESOP Preferred Stock being converted, and (ii) in connection with any conversion hereunder, (x) the name or names in which such holder wishes the certificate or certificates for Common Stock and, in the case of certificated 2016 ESOP Preferred Stock, for any shares of 2016 ESOP Preferred Stock not to be so converted to be issued, (y) the address to which such holder wishes delivery to be made of such new certificates to be issued upon such conversion, and (z) such other information as the Company or its agents may reasonably request.

(e) Upon delivery to the Company or the transfer agent for the 2016 ESOP Preferred Stock of the Conversion Notice and all other documentation and certificates required to effect the conversion, as provided in paragraph (d) of this Section 4, the Company shall issue and send by hand delivery, by courier or by first-class mail (postage prepaid) to the holder thereof or to such holder's designee, at the address designated by such holder, a certificate or certificates for the number of shares of Common Stock to which such holder shall be entitled upon conversion. If there shall have been surrendered a certificate or certificates representing shares of 2016 ESOP Preferred Stock only part of which are to be converted, the Company shall issue and deliver to such holder or such holder's designee, in the manner set forth in the preceding sentence, a new certificate or certificates representing the number of shares of 2016 ESOP Preferred Stock which shall not have been converted.

(f) The issuance by the Company of shares of Common Stock upon a conversion of shares of 2016 ESOP Preferred Stock into shares of Common Stock made pursuant to this Section 4 shall be effective (i) in the case of a mandatory conversion of shares of 2016 ESOP Preferred Stock pursuant to paragraph (a) of this Section 4, as of

the Release Date; and (ii) in the case of an optional conversion of such shares pursuant to paragraph (b) of this Section 4, as of the earlier of (A) the delivery to such holder or such

holder's designee of the certificates representing the shares of Common Stock issued upon conversion thereof or (B) the commencement of business on the second Business Day after the delivery to the Company or the transfer agent for the 2016 ESOP Preferred Stock of the Conversion Notice and all other documentation and certificates required to effect the conversion, as provided in paragraph (d) of this Section 4. On and after the effective date of a conversion, the person or persons entitled to receive the Common Stock issuable upon such conversion shall be treated for all purposes as the record holder or holders of such shares of Common Stock, but no allowance or adjustment shall be made in respect of dividends payable to holders of Common Stock in respect of any period prior to such effective date. The Company shall not be obligated to pay any dividends which shall have accrued or have been declared and shall be payable to holders of shares of 2016 ESOP Preferred Stock if the date on which such dividends are paid is on or after the effective date of conversion of such shares.

(g) The Company shall not be obligated to deliver to holders of 2016 ESOP Preferred Stock any fractional share or shares of Common Stock issuable upon any conversion of such shares of 2016 ESOP Preferred Stock, but in lieu thereof may make a cash payment in respect thereof in any manner permitted by law.

(h) The Company shall at all times reserve and keep available out of its authorized and unissued Common Stock, solely for issuance upon the conversion of shares of 2016 ESOP Preferred Stock as herein provided, free from any preemptive rights, such number of shares of Common Stock as shall from time to time be issuable upon the conversion of all the shares of 2016 ESOP Preferred Stock then outstanding.

(i) The Company will use its best efforts to cause the listing of the shares of Common Stock required to be delivered upon conversion of the 2016 ESOP Preferred Stock prior to distribution to Plan participants on the national securities exchange, if any, upon which the outstanding Common Stock is listed at the time of such delivery.

(j) The Company will pay any and all documentary stamp or similar issue or transfer taxes payable in respect of the issue or delivery of shares of Common Stock on conversions of the 2016 ESOP Preferred Stock pursuant hereto; provided, however, that the Company shall not be required to pay any tax which may be payable in respect of any transfer involved in the issue or delivery of shares of Common Stock in a name other than that of the holder of the 2016 ESOP Preferred Stock to be converted and no such issue or delivery shall be made unless and until the person requesting such issue or delivery has paid to the Company the amount of any such tax or has established, to the satisfaction of the Company, that such tax has been paid.

5. Redemption at the Option of the Company. (a) The 2016 ESOP Preferred Stock shall be redeemable out of assets legally available therefor, in whole or in part, at the option of the Company at any time, at a redemption price per share of 2016 ESOP Preferred Stock equal to the higher of (x) $1,000.00 per share, plus an amount equal to all accrued and unpaid dividends thereon to the date fixed for redemption, and (y) the Fair Market Value (as that term is defined in paragraph (d) of this Section 5) per share of 2016 ESOP Preferred Stock on the date fixed for redemption. Payment of the redemption price shall be made by the Company in

cash or shares of Common Stock, or a combination thereof, as permitted by paragraph (c) of this Section 5. From and after the date fixed for redemption, dividends on shares of 2016 ESOP Preferred Stock called for redemption will cease to accrue and all rights in respect of such shares of the Company shall cease, except the right to receive the redemption price. Upon payment of the redemption price, such shares shall be deemed to have been transferred to the Company, to be retired as provided in paragraph (a) of Section 1. If the full cumulative dividends have not been paid, or contemporaneously declared and set aside for payment, on all outstanding shares of 2016 ESOP Preferred Stock, the Company may not redeem fewer than all the outstanding shares of 2016 ESOP Preferred Stock pursuant to this Section 5.

(b) Unless otherwise required by law, notice of any redemption pursuant to this Section 5 will be sent to the holders of 2016 ESOP Preferred Stock at the address shown on the books of the Company or any transfer agent for the 2016 ESOP Preferred Stock by hand delivery, by courier, by standard form of telecommunication or by first-class mail (postage prepaid) delivered, sent or mailed, as the case may be, not less than twenty (20) days nor more than sixty (60) days prior to the redemption date. Each such notice shall state: (i) the redemption date; (ii) the total number of shares of the 2016 ESOP Preferred Stock to be redeemed and, if fewer than all the shares held by such holder are to be redeemed, the number of such shares to be redeemed from such holder; (iii) the redemption price; (iv) whether the redemption price shall be paid in cash or in shares of Common Stock, or in a combination of such Common Stock and cash; (v) in the case of certificated 2016 ESOP Preferred Stock the place or places where certificates for such shares are to be surrendered for payment of the redemption price; (vi) that dividends on the shares to be redeemed will cease to accrue on such redemption date; and (vii) the conversion rights of the shares to be redeemed, the period within which conversion rights may be exercised and the manner in which the number of shares of Common Stock issuable upon conversion of a share of 2016 ESOP Preferred Stock will be determined. The Company shall redeem shares so called for redemption and not previously converted at the date fixed for redemption and at the redemption price set forth in this Section 5, provided that, in the case of certificated 2016 ESOP Preferred Stock, the Company shall not be obligated to pay the redemption price until the certificates for the shares to be redeemed are surrendered (properly endorsed or assigned for transfer, if the Board of Directors of the Company shall so require and the notice shall so state).

(c) The Company, at its option, may make payment of the redemption price required upon redemption of shares of 2016 ESOP Preferred Stock in cash or in shares of Common Stock, or in a combination of such Common Stock and cash, any such shares of Common Stock to be valued for such purposes at their Fair Market Value (as defined in paragraph (d)(ii) of this Section 5) or their Current Market Price, in either case as of the date fixed for redemption of the 2016 ESOP Preferred Stock, whichever value will result in the issuance of the greater number of shares of Common Stock to the holder of the 2016 ESOP Preferred Stock then being redeemed.

(d) For purposes of these resolutions, the following terms shall have the meanings set forth below:

(i) "Adjustment Period" shall mean the period of five (5) consecutive Trading Days preceding the date as of which the Fair Market Value of a security is to be determined.

(ii) "Fair Market Value" shall mean, as to shares of Common Stock or any other class of capital stock or securities of the Company or any other issue which are publicly traded, the average of the Current Market Prices of such shares or securities for each day of the Adjustment Period. The "Fair Market Value" of any security which is not publicly traded (other than the 2016 ESOP Preferred Stock) or of any other property shall mean the fair value thereof on the date as of which the Fair Market Value of the security is to be determined, as determined by an independent investment banking or appraisal firm experienced in the valuation of such securities or property selected in good faith by the Board or a committee thereof. The "Fair Market Value" of the 2016 ESOP Preferred Stock for purposes of paragraph (a) of Section 5, and for purposes of paragraph (c) of Section 6 shall mean the fair market value thereof determined by an independent appraiser, appointed by the Trustee of the Plan in accordance with the provisions of the Plan, as of the date fixed for redemption of the 2016 ESOP Preferred Stock (in the case of a redemption pursuant to Section 5) or as of the date specified in paragraph (c) of Section 6 (in the case of a redemption under that section). For purposes of determining the Fair Market Value of the 2016 ESOP Preferred Stock, the independent appraiser shall assume (i) that all dividends on the 2016 ESOP Preferred Stock would have been paid when due, and (ii) that the mandatory conversion of shares of 2016 ESOP Preferred Stock held by the Plan into shares of Common Stock pursuant to Section 4(a) hereof would have occurred when and as payments of principal (together with accrued interest thereon) would have been made by the Trustee of the Plan in accordance with the terms of that certain 2016 ESOP Cumulative Convertible Preferred Stock Note Agreement dated on or about January 7, 2016 between the Company and the Plan (including any amendments or modifications thereto).

6. Consolidation, Merger, etc. (a) If the Company consummates any consolidation or merger or similar business combination, pursuant to which the outstanding shares of Common Stock are by operation of law exchanged solely for or changed, reclassified or converted solely into stock of any successor or resulting corporation (including the Company) that constitutes "qualifying employer securities" with respect to a holder of 2016 ESOP Preferred Stock within the meaning of Section 409(1) of the Internal Revenue Code of 1986, as amended, and Section 407(d)(5) of the Employee Retirement Income Security Act of 1974, as amended, or any successor provisions of law, and, if applicable, for a cash payment in lieu of fractional shares, if any, the shares of 2016 ESOP Preferred Stock of such holder shall, in connection with such consolidation, merger or similar business combination, be assumed by and shall become Preferred Stock of such successor or resulting corporation, having in respect of such corporation, insofar as possible, the same powers, preferences and relative, participating, optional or other special rights (including the redemption rights provided by Sections 5 and 6 hereof), and the qualifications, limitations or restrictions thereon, that the 2016 ESOP Preferred Stock had immediately prior to such transaction, subject to the following:

(1) After such transaction each share of the 2016 ESOP Preferred Stock shall be convertible, otherwise on the terms and conditions provided by Section 4 hereof,

into the number and kind of qualifying employer securities so receivable by a holder of the number of shares of Common Stock into which such shares of 2016 ESOP Preferred Stock could have been converted immediately prior to such transaction.

(2) The Company shall not consummate any such merger, consolidation or similar transaction unless all then outstanding shares of 2016 ESOP Preferred Stock shall be assumed and authorized by the successor or resulting corporation as aforesaid.

(b) If the Company consummates any consolidation or merger or similar business combination, pursuant to which the outstanding shares of Common Stock are by operation of law exchanged for or changed, reclassified or converted into other stock or securities or cash or any other property, or any combination thereof, other than any such consideration which is constituted solely of qualifying employer securities (as referred to in paragraph (a) of this Section 6) and cash payments, if applicable, in lieu of fractional shares, outstanding shares of 2016 ESOP Preferred Stock shall, without any action on the part of the Company or any holder thereof (but subject to paragraph (c) of this Section 6), be automatically converted by virtue of such merger, consolidation or similar transaction immediately prior to such consummation into the number of shares of Common Stock into which such shares of 2016 ESOP Preferred Stock could have been converted at such time so that each share of 2016 ESOP Preferred Stock shall, by virtue of such transaction and on the same terms as apply to the holders of Common Stock, be converted into or exchanged for the aggregate amount of stock, securities, cash or other property (payable in like kind) receivable by a holder of the number of shares of Common Stock into which such shares of 2016 ESOP Preferred Stock could have been converted immediately prior to such transaction. However, if by virtue of the structure of such transaction, a holder of Common Stock is required to make an election with respect to the nature and kind of consideration to be received in such transaction, which election cannot practicably be made by the holders of the 2016 ESOP Preferred Stock, then the shares of 2016 ESOP Preferred Stock shall, by virtue of such transaction and on the same terms as apply to the holders of Common Stock, be converted into or exchanged for the aggregate amount of stock, securities, cash or other property (payable in kind) receivable by a holder of the number of shares of Common Stock into which such shares of 2016 ESOP Preferred Stock could have been converted immediately prior to such transaction if such holder of Common Stock failed to exercise any rights of election as to the kind or amount of stock, securities, cash or other property receivable upon such transaction. If the kind or amount of stock, securities, cash or other property receivable upon such transaction is not the same for each non-electing share, then the kind and amount of stock, securities, cash or other property receivable upon such transaction for each non-electing share shall be the kind and amount so receivable per share by a plurality of the non-electing shares.

(c) In the event the Company shall enter into any agreement providing for any consolidation or merger or similar business combination described in paragraph (b) of this Section 6 (a "Business Combination"), then the Company shall as soon as practicable thereafter (and in any event at least fifteen (15) Business Days before consummation of such transaction) give notice of such agreement and the material terms thereof to each holder of 2016 ESOP Preferred Stock and each such holder shall have the right to elect, by written notice to the Company, to receive, upon consummation of such transaction (if and when such transaction is

consummated), from the Company or the successor of the Company, in redemption and retirement of such 2016 ESOP Preferred Stock, a cash payment per share of 2016 ESOP Preferred Stock equal to the higher of (x) $1,000.00, plus accrued and unpaid dividends thereon to the date of consummation of such transaction or (y) the Fair Market Value per share of 2016 ESOP Preferred Stock, as of the last Business Day (as defined in paragraph (c) of Section 4 hereof) immediately preceding the date the Business Combination is consummated. No such notice of redemption shall be effective unless given to the Company prior to the close of business on the last Business Day prior to consummation of such transaction, unless the Company or the successor of the Company shall waive such prior notice, but any notice of redemption so given prior to such time may be withdrawn by notice of withdrawal given to the Company prior to the close of business on the last Business Day prior to consummation of such transaction.

(d) In the event that a Purchase Offer (as defined below) shall have been made and shall be continuing, each holder of 2016 ESOP Preferred Stock shall have the right to convert shares of 2016 ESOP Preferred Stock into shares of Common Stock at the Conversion Price specified in Section 4(c)(iii)(C) hereof until the date the Purchase Offer is terminated, including without limitation because the original Purchase Offer is withdrawn or because the Purchase Offer has expired and is not renewed, upon notice of such conversion given to the Company not later than the close of business on the date the Purchase Offer terminates (the "Purchase Offer Conversion Period"), unless the Company or any successor of the Company shall waive such prior notice, but any notice of conversion so given may be withdrawn by notice of withdrawal given to the Company prior to the end of the Purchase Offer Conversion Period.

For purposes of this paragraph (d), the following terms shall have the meanings set forth below:

(i) "Beneficial Ownership" shall have the meaning ascribed to it in Rule 13d-3 under the Securities Exchange Act of 1934 (the "Exchange Act") and "person" shall have the meanings specified in Sections 3(a)(9) and 13(d)(3) of the Exchange Act.

(ii) A "Purchase Offer" shall have been made when any person (other than the Company or any affiliate of the Company) shall have "commenced" (as such term is defined in Rule 14d-2 under the Exchange Act) a tender offer or exchange offer to purchase shares of Common Stock, such that, upon consummation of such offer, such person would have Beneficial Ownership (as defined herein) or the right to acquire Beneficial Ownership, of twenty percent (20%) or more of the voting power of the Company.

7. Liquidation Rights. (a) Upon the dissolution, liquidation, or winding up of the Company, the holders of the shares of 2016 ESOP Preferred Stock shall be entitled to receive and to be paid out of the assets of the Company available for distribution to its stockholders, before any payment or distribution shall be made on or set aside for the Common Stock or any other class of stock ranking junior to 2016 ESOP Preferred Stock and subject to the rights of the holders of the shares of any series or class or classes of stock ranking on parity with or senior to the 2016 ESOP Preferred Stock, the amount of $1,000.00 per share, plus a sum equal to all dividends (whether or not earned or declared) on such shares accrued and unpaid thereon to the date of final distribution.

(b) Neither the sale of all or substantially all the property and assets of the Company, nor the merger, consolidation or other business combination of the Company into or with any other corporation, nor the merger, consolidation or other business combination of any other corporation into or with the Company shall be deemed to be a dissolution, liquidation, or winding up, voluntary or involuntary, for the purposes of this Section 7.

(c) After the payment to the holders of the shares of 2016 ESOP Preferred Stock of the full preferential amounts provided for in this Section 7, the holders of 2016 ESOP Preferred Stock, as such, shall have no right or claim to any of the remaining assets of the Company.

(d) In the event the assets of the Company available for distribution to the holders of shares of 2016 ESOP Preferred Stock upon any dissolution, liquidation, or winding up of the Company, whether voluntary or involuntary, shall be insufficient to pay in full all amounts to which such holders are entitled pursuant to paragraph (a) of this Section 7, no such distribution shall be made on account of any shares of any other series of Preferred Stock or other capital stock of the Company ranking on a parity with the shares of 2016 ESOP Preferred Stock upon such dissolution, liquidation, or winding up unless proportionate distributive amounts shall be paid on account of the shares of 2016 ESOP Preferred Stock, ratably, in proportion to the full distributable amounts for which holders of all such parity shares are respectively entitled upon such dissolution, liquidation, or winding up.

(e) Subject to the rights of the holders of the shares of any series or class or classes of stock ranking on parity with or prior to the shares of 2016 ESOP Preferred Stock upon liquidation, dissolution, or winding up, upon any liquidation, dissolution, or winding up of the Company, after payment shall have been made in full to the holders of the shares of 2016 ESOP Preferred Stock as provided in this Section 7, but not prior thereto, any other series or class or classes of stock ranking junior to the shares of 2016 ESOP Preferred Stock upon liquidation shall, subject to the respective terms and provisions (if any) applying thereto, be entitled to receive any and all assets remaining to be paid or distributed, and the holders of the shares of 2016 ESOP Preferred Stock shall not be entitled to share therein.

8. Ranking. For the purposes of these resolutions, any stock of any series or class or classes of the Company shall be deemed to rank:

(a) prior to the shares of 2016 ESOP Preferred Stock, either as to dividends or upon liquidation, dissolution or winding up, if the holders of such series or class or classes shall be entitled to the receipt of dividends or of amounts distributable upon dissolution, liquidation, or winding up of the Company, as the case may be, in preference or priority to the holders of shares of 2016 ESOP Preferred Stock;

(b) on a parity with shares of 2016 ESOP Preferred Stock, either as to dividends or upon liquidation, dissolution or winding up, whether or not the dividend rates, dividend payment dates, or redemption or liquidation prices per share, or sinking fund provisions, if any, be different from those of 2016 ESOP Preferred Stock, if the holders of such stock shall be entitled to the receipt of dividends or of amounts distributable upon dissolution, liquidation, or

winding up of the Company, as the case may be, in proportion to their respective dividend rates or liquidation prices, without preference or priority, one over the other, as between the holders of such stock and the holders of shares of 2016 ESOP Preferred Stock; and

(c) junior to shares of 2016 ESOP Preferred Stock, either as to dividends or upon liquidation, dissolution or winding up, if such class shall be Common Stock or if the holders of shares of 2016 ESOP Preferred Stock shall be entitled to receipt of dividends or of amounts distributable upon dissolution, liquidation, or winding up of the Company, as the case may be, in preference or priority to the holders of shares of such series or class or classes.

9. Priority of 2016 ESOP Preferred Stock. The shares of 2016 ESOP Preferred Stock will rank on a parity, both as to payment of dividends and the distribution of assets upon liquidation, with the Company's 2006 ESOP Cumulative Preferred Stock, its 2007 ESOP Cumulative Convertible Preferred Stock, its 2008 ESOP Cumulative Convertible Preferred Stock, its 2010 ESOP Cumulative Convertible Preferred Stock, its 2011 ESOP Cumulative Convertible Preferred Stock, its 2012 ESOP Cumulative Convertible Preferred Stock, its 2013 ESOP Cumulative Convertible Preferred Stock, its 2014 ESOP Cumulative Convertible Preferred Stock, and its 2015 ESOP Cumulative Convertible Preferred Stock.

IN WITNESS WHEREOF, the Company has caused this Certificate of Designation to be signed by John G. Stumpf, its Chairman and Chief Executive Officer, and attested by Jeannine E. Zahn, its Assistant Secretary, on this 4th day of January, 2016.

WELLS FARGO & COMPANY

By /s / John G. Stumpf
John G. Stumpf
Chairman and
Chief Executive Officer

Attest:

/s/ Jeannine E. Zahn
Jeannine E. Zahn
Assistant Secretary

[As filed with the Delaware Secretary of State on January 5, 2016.]

**WELLS FARGO & COMPANY**

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**CERTIFICATE OF DESIGNATION**

Pursuant to Section 151(g) of the

General Corporation Law

of the State of Delaware

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**NON-CUMULATIVE PERPETUAL CLASS A PREFERRED STOCK, SERIES W**
**(Without Par Value)**

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WELLS FARGO & COMPANY, a corporation organized and existing under the laws of the State of Delaware (the "*Corporation*"), HEREBY CERTIFIES that, pursuant to authority conferred upon the Board of Directors of the Corporation (the "*Board of Directors*") by the provisions of the Restated Certificate of Incorporation of the Corporation, as amended, which authorize the issuance of not more than 20,000,000 shares of Preferred Stock, without par value, and pursuant to authority conferred upon the Securities Committee of the Board of Directors (the "*Committee*") in accordance with Section 141(c) of the General Corporation Law of the State of Delaware (the "*General Corporation Law*"), the following resolutions were duly adopted by the Committee pursuant to the unanimous written consent of the Committee duly adopted on January 27, 2016, in accordance with Section 141(f) of the General Corporation Law:

**Resolved,** that pursuant to the authority vested in the Committee and in accordance with the resolutions of the Board of Directors dated April 29, 2014, the provisions of the Restated Certificate of Incorporation, the By-laws of the Corporation, and applicable law, a series of Preferred Stock, no par value, of the Corporation be and hereby is created, and that the designation and number of shares of such series, and the voting and other powers, designations, preferences and relative, participating, optional or other rights, and the qualifications, limitations and restrictions thereof, of the shares of such series, are as follows:

**RIGHTS AND PREFERENCES**

**Section 1. Designation**. The shares of such series of Preferred Stock shall be designated Non-Cumulative Perpetual Class A Preferred Stock, Series W, with no par value and a liquidation preference amount of $25,000 per share (the "*Series W Preferred Stock*"). Each share of Series W Preferred Stock shall be identical in all respects to every other share of Series W Preferred Stock except with respect to the date from which dividends may accrue. Series W Preferred Stock will rank equally with Parity Stock with respect to the payment of dividends and distribution of assets in the event of any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation and will rank senior to Junior Stock with respect to the payment of dividends and/or the distribution of assets in the event of any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation.

**Section 2. Number of Shares**. The number of authorized shares of Series W Preferred Stock shall be 40,000. Such number may from time to time be increased (but not in excess of the total number of authorized shares of Preferred Stock) or decreased (but not below the number of shares of Series W Preferred Stock then outstanding) by further resolution duly adopted by the Board of Directors of the Corporation or any duly authorized committee of the Board of Directors of the Corporation and by the filing of a certificate pursuant to the provisions of the General Corporation Law stating that such increase or decrease, as the case may be, has been so authorized. The Corporation shall have the authority to issue fractional shares of Series W Preferred Stock.

**Section 3. Definitions**. As used herein with respect to Series W Preferred Stock:

"*Business Day*" means any day, other than a Saturday or Sunday, that is neither a legal holiday nor a day on which banking institutions are authorized or required by law or regulation to close in New York, New York.

"*Certificate of Designation*" means this Certificate of Designation relating to the Series W Preferred Stock, as it may be amended from time to time.

*"Common Stock"* means the common stock of the Corporation, par value $1⅔ per share, as the same exists at the date of this Certificate of Designation or as such stock may be constituted from time to time.

"*Depositary Company*" has the meaning set forth in Section 6(d) hereof.

"*Dividend Payment Date*" has the meaning set forth in Section 4(a) hereof.

"*Dividend Period*" has the meaning set forth in Section 4(a) hereof.

"*DTC*" means The Depository Trust Company, together with its successors and assigns.

*"Junior Stock*" means the Common Stock and any other class or series of stock of the Corporation now existing or hereafter authorized over which the Series W Preferred Stock has preference or priority in the payment of dividends or in the distribution of assets on any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation.

"*Liquidation Preference*" has the meaning set forth in Section 5(a) hereof.

"*Nonpayment Event*" shall have the meaning set forth in Section 7(b).

"*Parity Stock*" means any other class or series of stock of the Corporation now existing or hereafter authorized that ranks on par with the Series W Preferred Stock in the payment of dividends (whether such dividends are cumulative or non-cumulative) or in the distribution of assets in the event of any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation.

"*Preference Stock*" means any and all series of preference stock, having no par value, of the Corporation.

"*Preferred Stock*" means any and all series of preferred stock, having no par value, of the Corporation, including the Series W Preferred Stock.

"*Preferred Stock Directors*" shall have the meaning set forth in Section 7(b).

"*Regulatory Capital Treatment Event*" means the Corporation's reasonable determination that as a result of any (i) amendment to, clarification of, or change (including any announced prospective change) in, the laws or regulations of the United States or any political subdivision of or in the United States that is enacted or becomes effective on or after January 19, 2016; (ii) proposed change in those laws or regulations that is announced or becomes effective on or after January 19, 2016; or (iii) official administrative decision or judicial decision or administrative action or other official pronouncement interpreting or applying those laws or regulations that is announced on or after January 19, 2016, there is more than an insubstantial risk that the Corporation will not be entitled to treat the full liquidation preference amount of all shares of Series W Preferred Stock then outstanding as Tier 1 capital (or its equivalent) for purposes of the capital adequacy guidelines or regulations of the appropriate federal banking agency, as then in effect and applicable, for as long as any share of Series W Preferred Stock is outstanding.

"*Series W Preferred Stock*" has the meaning set forth in Section 1 hereof.

"*Voting Parity Stock*" means any Parity Stock having similar voting rights as the Series W Preferred Stock.

**Section 4. Dividends.**

**(a) Rate**. Dividends on the Series W Preferred Stock will not be mandatory. Holders of Series W Preferred Stock shall be entitled to receive, when, as and if declared by the Board of Directors of the Corporation or any duly authorized committee of the Board of Directors of the Corporation, but only out of assets legally available therefor, non-cumulative cash dividends on the liquidation preference amount of $25,000 per share of the Series W Preferred Stock, payable quarterly in arrears on the 15th day of March, June, September and December of each year (commencing on March 15, 2016); provided, however, if any such day is not a Business Day, then payment of any dividend otherwise payable on that date will be made on the next succeeding day that is a Business Day, without any interest or other payment in respect of such delay (each such day on which dividends are payable a "*Dividend Payment Date*"). A "*Dividend Period*" means the period from, and including, a Dividend Payment Date to, but excluding, the next succeeding Dividend Payment Date, except for the initial Dividend Period, which will be the period from, and including, January 29, 2016 to, but excluding, March 15, 2016. Dividends on each share of Series W Preferred Stock will accrue at a rate *per annum* equal to 5.70%. The record date for payment of dividends on the Series W Preferred Stock shall be the last Business Day of the calendar month immediately preceding the month during which the Dividend Payment Date falls or such other date as determined by the Corporation's Board of Directors.

The amount of dividends payable shall be computed on the basis of a 360-day year of twelve 30-day months. Dollar amounts resulting from that calculation will be rounded to the nearest cent, with one-half cent being rounded upward.

**(b) Non-Cumulative Dividends**. Dividends on shares of Series W Preferred Stock shall be non-cumulative. To the extent that any dividends payable on the shares of Series W Preferred Stock on any Dividend Payment Date are not declared prior to such Dividend Payment Date, then such dividends shall not cumulate and shall cease to accrue and be payable, and the Corporation shall have no obligation to pay, and the holders of Series W Preferred Stock shall have no right to receive, dividends accrued for such Dividend Period on the Dividend Payment Date for such Dividend Period or at any time in the future or interest with respect to such dividends, whether or not dividends are declared for any subsequent Dividend Period with respect to Series W Preferred Stock or any other series of authorized Preferred Stock, Preference Stock, or Common Stock of the Corporation.

**(c) Priority of Dividends**. So long as any shares of Series W Preferred Stock remain outstanding,

(1) no dividend shall be declared and paid or set aside for payment and no distribution shall be declared and made or set aside for payment on any Common Stock, and no shares of Common Stock shall be repurchased, redeemed or otherwise acquired for consideration by the Corporation, directly or indirectly, nor shall any monies be paid to or made available for a sinking fund for the redemption of any such Common Stock by the Corporation (other than (i) a dividend payable in Common Stock or (ii) the acquisition of shares of Common Stock in exchange for, or through application of proceeds of the sale of, shares of Common Stock);

(2) no dividend shall be declared and paid or set aside for payment and no distribution shall be declared and made or set aside for payment on any Junior Stock other than Common Stock, and no shares of Junior Stock other than Common Stock shall be repurchased, redeemed or otherwise acquired for consideration by the Corporation, directly or indirectly, nor shall any monies be paid to or made available for a sinking fund for the redemption of any such Junior Stock other than Common Stock by the Corporation (other than (i) a dividend payable solely in shares of Junior Stock, (ii) any dividend in connection with the implementation of a stockholder rights plan, or the redemption or repurchase of any rights under any such plan, (iii) any dividend in the form of stock, warrants, options or other rights where the dividend stock or stock issuable upon exercise of such warrants, options or other rights is the same stock as that on which the dividend is being paid or ranks equally with or junior to such stock, (iv) as a result of a reclassification of Junior Stock other than Common Stock for or into other Junior Stock, (v) the exchange or conversion of one share of Junior Stock other than Common Stock for or into another share of Junior Stock, (vi) through the use of proceeds of a substantially contemporaneous sale of other shares of Junior Stock, (vii) any purchase, redemption or other acquisition of Junior Stock other than Common Stock pursuant to any of the Corporation's or any of its subsidiaries' employee, consultant or director incentive or benefit plans or arrangements (including any employment, severance or consulting arrangements) adopted before or after January 19, 2016, (viii) any purchase of fractional interests in shares of Junior Stock

other than Common Stock pursuant to the conversion or exchange provisions of such Junior Stock other than Common Stock or the securities being converted or exchanged, (ix) the purchase of Junior Stock other than Common Stock by Wells Fargo Securities, LLC, or any other affiliate of the Corporation, in connection with the distribution thereof or (x) the purchase of Junior Stock other than Common Stock by Wells Fargo Securities, LLC, or any other affiliate of the Corporation, in connection with market-making or other secondary market activities in the ordinary course of business); and

(3) no shares of Parity Stock will be repurchased, redeemed or otherwise acquired for consideration by the Corporation otherwise than pursuant to *pro rata* offers to purchase all, or a *pro rata* portion, of the Series W Preferred Stock and such Parity Stock during a Dividend Period (other than (i) as a result of a reclassification of Parity Stock for or into other Parity Stock or Junior Stock, (ii) the exchange or conversion of one share of Parity Stock for or into another share of Parity Stock or Junior Stock, (iii) through the use of proceeds of a substantially contemporaneous sale of other shares of Parity Stock or Junior Stock, (iv) any purchase, redemption or other acquisition of Parity Stock pursuant to any of the Corporation's or any of its subsidiaries' employee, consultant or director incentive or benefit plans or arrangements (including any employment, severance or consulting arrangements) adopted before or after January 19, 2016, (v) any purchase of fractional interests in shares of Parity Stock pursuant to the conversion or exchange provisions of such Parity Stock or the securities being converted or exchanged, (vi) the purchase of Parity Stock by Wells Fargo Securities, LLC, or any other affiliate of the Corporation, in connection with the distribution thereof or (vii) the purchase of Parity Stock by Wells Fargo Securities, LLC, or any other affiliate of the Corporation, in connection with market-making or other secondary market activities in the ordinary course of business),

unless, in each case, the full dividends for the then-current Dividend Period on all outstanding shares of the Series W Preferred Stock have been declared and paid or declared and a sum sufficient for the payment of those dividends has been set aside.

Subject to the succeeding sentence, for so long as any shares of Series W Preferred Stock remain outstanding, no dividends shall be declared, paid, or set aside for payment on any Parity Stock for any period unless full dividends on all outstanding shares of Series W Preferred Stock for the then-current Dividend Period have been paid in full or declared and a sum sufficient for the payment thereof set aside. To the extent the Corporation declares dividends on the Series W Preferred Stock and on any Parity Stock but cannot make full payment of those declared dividends, the Corporation will allocate the dividend payments on a proportional basis among the holders of shares of Series W Preferred Stock and the holders of any Parity Stock then outstanding where the terms of such Parity Stock provide similar dividend rights.

Subject to the foregoing, and not otherwise, such dividends (payable in cash, stock or otherwise) as may be determined by the Board of Directors of the Corporation or any duly authorized committee of the Board of Directors of the Corporation may be declared and paid on the Common Stock and any other stock that is Parity Stock or Junior Stock, from time to time

out of any assets legally available for such payment, and the shares of Series W Preferred Stock shall not be entitled to participate in any such dividends.

**Section 5. Liquidation Rights.**

**(a) Liquidation**. In the event of any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation, holders of Series W Preferred Stock shall be entitled to receive in full out of assets available for distribution to its stockholders before any distribution or payment out of the assets of the Corporation may be made to or set aside for the holders of the Common Stock or any other Junior Stock, and subject to the rights of the holders of Parity Stock or any stock of the Corporation ranking senior to the Series W Preferred Stock as to such distribution, a liquidating distribution in the amount of $25,000 per share, plus an amount equal to any dividends which have been declared but not yet paid, without accumulation of any undeclared dividends, to the date of liquidation (the "*Liquidation Preference*"). The holders of Series W Preferred Stock shall not be entitled to any further payments in the event of any such voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation other than what is expressly provided for in this Section 5.

**(b) Partial Payment**. If the assets of the Corporation are not sufficient to pay in full the Liquidation Preference to all holders of Series W Preferred Stock and all holders of any Parity Stock, the amounts paid to the holders of Series W Preferred Stock and to the holders of all Parity Stock shall be *pro rata* in accordance with the respective aggregate liquidation preference of Series W Preferred Stock and all such Parity Stock.

**(c) Residual Distributions**. If the Liquidation Preference has been paid in full to all holders of Series W Preferred Stock and all other amounts payable upon liquidation, dissolution or winding up of the Corporation have been paid in full to all holders of any Parity Stock, the holders of Common Stock and any other Junior Stock shall be entitled to receive all remaining assets of the Corporation according to their respective rights and preferences.

**(d) Merger, Consolidation and Sale of Assets Not Liquidation**. For purposes of this Section 5, the sale, conveyance, exchange or transfer (for cash, shares of stock, securities or other consideration) of all or substantially all of the property and assets of the Corporation shall not be deemed a voluntary or involuntary dissolution, liquidation or winding up of the affairs of the Corporation, nor shall the merger, consolidation or any other business combination transaction of the Corporation into or with any other corporation or person or the merger, consolidation or any other business combination transaction of any other corporation or person into or with the Corporation be deemed to be a voluntary or involuntary dissolution, liquidation or winding up of the affairs of the Corporation.

**Section 6. Redemption.**

**(a) Optional Redemption**. The Corporation, at the option of its Board of Directors or any duly authorized committee of the Board of Directors of the Corporation, may redeem, subject to the prior approval of the Federal Reserve Board, out of funds legally available therefor, in whole or in part, the shares of Series W Preferred Stock at the time outstanding, at

any time on any Dividend Payment Date on or after March 15, 2021, upon notice given as provided in Section 6(b) below. The redemption price for shares of Series W Preferred Stock shall be $25,000 per share plus an amount equal to any dividends that have been declared but not paid up to the redemption date without accumulation of any undeclared dividends.

Notwithstanding the foregoing, within 90 days of the Corporation's good faith determination that a Regulatory Capital Treatment Event has occurred, the Corporation, at the option of its Board of Directors or any duly authorized committee of the Board of Directors of the Corporation, may, subject to the approval of the appropriate federal banking agency, redeem out of funds legally available therefor, in whole, but not in part, the shares of Series W Preferred Stock at the time outstanding, prior to March 15, 2021, upon notice given as provided in Section 6(b) below. The redemption price for shares of Series W Preferred Stock shall be $25,000 per share plus an amount equal to any dividends that have been declared but not paid, without accumulation of any undeclared dividends.

**(b) Notice of Redemption**. Notice of every redemption of shares of Series W Preferred Stock shall be mailed by first class mail, postage prepaid, addressed to the holders of record of such shares to be redeemed at their respective last addresses appearing on the stock register of the Corporation. Such mailing shall be at least 40 days and not more than 70 days before the date fixed for redemption. Any notice mailed as provided in this Section 6(b) shall be conclusively presumed to have been duly given, whether or not the holder receives such notice, but failure duly to give such notice by mail, or any defect in such notice or in the mailing thereof, to any holder of shares of Series W Preferred Stock designated for redemption shall not affect the validity of the proceedings for the redemption of any other shares of Series W Preferred Stock. Each notice shall state (i) the redemption date; (ii) the number of shares of Series W Preferred Stock to be redeemed and, if fewer than all the shares held by such holder are to be redeemed, if applicable, the number of such shares to be redeemed from such holder; (iii) the redemption price; (iv) the place or places where the certificates for those shares are to be surrendered for payment of the redemption price; and (v) that dividends on the shares to be redeemed will cease to accrue on the redemption date. Notwithstanding the foregoing, if the Series W Preferred Stock is held in book-entry form through DTC, the Corporation may give such notice in any manner permitted by DTC.

**(c) Partial Redemption**. In case of any redemption of only part of the shares of Series W Preferred Stock at the time outstanding, the shares of Series W Preferred Stock to be redeemed shall be selected either *pro rata* from the holders of record of Series W Preferred Stock in proportion to the number of Series W Preferred Stock held by such holders or in such other manner consistent with the rules and policies of the New York Stock Exchange as the Board of Directors of the Corporation or any duly authorized committee of the Board of Directors of the Corporation may determine to be fair and equitable. Subject to the provisions of this Section 6, the Board of Directors of the Corporation or any duly authorized committee of the Board of Directors shall have full power and authority to prescribe the terms and conditions upon which shares of Series W Preferred Stock shall be redeemed from time to time.

**(d) Effectiveness of Redemption**. If notice of redemption has been duly given and if on or before the redemption date specified in the notice all funds necessary for the redemption have been irrevocably set aside by the Corporation, separate and apart from its other assets, in trust for the *pro rata* benefit of the holders of the shares called for redemption, so as to be and continue to be available therefor, or deposited by the Corporation with a bank or trust company selected by the Board of Directors of the Corporation or any duly authorized committee of the Board of Directors (the "*Depositary Company*") in trust for the *pro rata* benefit of the holders of the shares called for redemption, then, notwithstanding that any certificate for any share so called for redemption has not been surrendered for cancellation, on and after the redemption date all shares so called for redemption shall cease to be outstanding, all dividends with respect to such shares shall cease to accrue after such redemption date, and all rights with respect to such shares shall forthwith on such redemption date cease and terminate, except only the right of the holders thereof to receive the amount payable on such redemption from the Depository Company at any time after the redemption date from the funds so deposited, without interest. The Corporation shall be entitled to receive, from time to time, from the Depositary Company any interest accrued on such funds, and the holders of any shares called for redemption shall have no claim to any such interest. Any funds so deposited and unclaimed at the end of two years from the redemption date shall, to the extent permitted by law, be released or repaid to the Corporation, after which time the holders of the shares so called for redemption shall look only to the Corporation for payment of the redemption price of such shares.

**Section 7. Voting Rights.**

**(a) General.** The holders of Series W Preferred Stock shall not be entitled to vote on any matter except as set forth in paragraph 7(b) below or as required by applicable law.

**(b) Right To Elect Two Directors Upon Nonpayment Events.** Whenever dividends payable on any shares of Series W Preferred Stock or any class or series of Voting Parity Stock have not been declared and paid in an aggregate amount equal to, as to any class or series, at least six quarterly Dividend Periods or their equivalent, whether or not for consecutive Dividend Periods (a "*Nonpayment Event*"), the holders of the outstanding Series W Preferred Stock, voting together as a class with holders of Voting Parity Stock whose voting rights are exercisable, will be entitled to vote for the election of two additional directors of the Corporation's Board of Directors at the Corporation's next annual meeting of stockholders and at each subsequent annual meeting of stockholders (the "*Preferred Stock Directors*") by a plurality of the votes cast; *provided* that the Board of Directors shall at no time include more than two Preferred Stock Directors (including, for purposes of this limitation, all directors that the holders of any series of Voting Parity Stock are entitled to elect pursuant to like voting rights). Upon the vesting of such right of such holders, the maximum authorized number of members of the Board of Directors shall automatically be increased by two and the two vacancies so created shall be filled by vote of the holders of the outstanding Series W Preferred Stock (together with the holders of shares of any one or more other series of Voting Parity Stock). At elections for such directors, each holder of the Series W Preferred Stock shall be entitled to 25 votes for each share held (the holders of shares of any other series of Voting Parity Stock being entitled to such number of votes, if any, for each share of such stock as may be granted to them). The right of the holders of the Series W

Preferred Stock (voting together as a class with the holders of shares of any one or more other series of Voting Parity Stock) to elect Preferred Stock Directors shall continue until such time as the Corporation has paid in full dividends for the equivalent of at least four quarterly Dividend Periods or their equivalent, at which time such right with respect to the Series W Preferred Stock shall terminate, except as provided by law, and subject to revesting in the event of each and every subsequent default of the character described in this Section 7(b).

Upon any termination of the right of the holders of all shares of Series W Preferred Stock and Voting Parity Stock to vote for Preferred Stock Directors, the term of office of all Preferred Stock Directors then in office elected by only those holders voting as a class shall terminate immediately. Any Preferred Stock Director may be removed at any time without cause by the holders of a majority of the outstanding shares of Series W Preferred Stock and Voting Parity Stock, when they have the voting rights described above (voting together as a class). In case any vacancy shall occur among the Preferred Stock Directors, a successor may be elected by a plurality of the votes cast by the holders of Series W Preferred Stock and Voting Parity Stock having the voting rights described above, voting together as a class, unless the vacancy has already been filled. The Preferred Stock Directors shall each be entitled to one vote per director on any matter that shall come before the Board of Directors for a vote. Whenever the term of office of the directors elected by such holders voting as a class shall end and the special voting powers vested in such holders as provided in this Section 7(b) shall have expired, the number of directors shall be such number as may be provided for in the By-Laws irrespective of any increase made pursuant to this Section 7(b).

**(c) Other Voting Rights**. In addition to any other vote required by law or the Restated Certificate of Incorporation, so long as any shares of the Series W Preferred Stock remain outstanding, the vote or consent of the holders of the outstanding shares of Series W Preferred Stock and outstanding shares of all other series of Voting Parity Stock entitled to vote on the matter, by a vote of at least 66 2/3% in voting power of all such outstanding Series W Preferred Stock and such Voting Parity Stock, voting together as a class, given in person or by proxy, either in writing without a meeting or at any meeting called for the purpose, shall be necessary to permit, effect or validate any one or more of the following actions, whether or not such approval is required by Delaware law: (i) the issuance of any class or series of Preferred Stock or Preference Stock ranking senior to the Series W Preferred Stock in the payment of dividends or the distribution of assets in the event of the Corporation's voluntary or involuntary liquidation, dissolution or winding up; (ii) any amendment, alteration or repeal of any provision of the Restated Certificate of Incorporation, including the Certificate of Designation, or the Bylaws that would adversely affect the rights, preferences, privileges or voting powers of the Series W Preferred Stock; (iii) any amendment or alteration of the Restated Certificate of Incorporation, including the Certificate of Designation, or Bylaws to authorize, create, or increase the authorized amount of, any shares of, or any securities convertible into shares of, any class or series of the Corporation's capital stock ranking senior to the Series W Preferred Stock with respect to either the payment of dividends or in the distribution of assets in the event of the Corporation's voluntary or involuntary liquidation, dissolution or winding up; or (iv) any consummation of a reclassification involving the Series W Preferred Stock or a merger or consolidation with another corporation or other entity, except holders of the Series W Preferred

Stock will have no right to vote under this Section 7(c)(iv) if in each case (a) the shares of Series W Preferred Stock remain outstanding or, in the case of any such merger or consolidation with respect to which the Corporation is not the surviving or resulting entity, are converted into or exchanged for preference securities of the surviving or resulting entity or its ultimate parent, and (b) such shares of Series W Preferred Stock remaining outstanding or such preference securities, as the case may be, have such rights, preferences, privileges and voting powers, taken as a whole, as are not materially less favorable to the holders thereof than the rights, preferences, privileges and voting powers of the Series W Preferred Stock, taken as a whole; *provided, however*, that any authorization, creation or increase in the authorized amount of or issuance of the Series W Preferred Stock or any Parity Stock or Junior Stock or any securities convertible into any class or series of Parity Stock (whether dividends payable in respect of such Parity Stock are cumulative or non-cumulative) or Junior Stock will be deemed not to adversely affect the rights, preferences, privileges or voting powers of the Series W Preferred Stock, and holders of the Series W Preferred Stock shall have no right to vote thereon.

If any amendment, alteration, repeal, reclassification, merger or consolidation specified in this Section 7(c) would adversely affect one or more but not all series of voting Preferred Stock (including the Series W Preferred Stock), then only those series affected by and entitled to vote on the matter shall vote on the matter together as a class (in lieu of all other series of Preferred Stock).

Each holder of the Series W Preferred Stock will have 25 votes per share on any matter on which holders of the Series W Preferred Stock are entitled to vote, whether separately or together with any other series of stock of the Corporation (the holders of any shares of any other series of stock being entitled to such number of votes, if any, for each share of stock as may be granted to them), pursuant to Delaware law or otherwise, including by written consent.

**(d) Changes after Provision for Redemption**. No vote or consent of the holders of Series W Preferred Stock shall be required pursuant to Section 7(b) or (c) above if, at or prior to the time when any such vote or consent would otherwise be required pursuant to such Section, all outstanding Series W Preferred Stock shall have been redeemed, or notice of redemption has been given and sufficient funds shall have been irrevocably deposited in trust to effect such redemption.

**(e) Procedures for Voting and Consents.** The rules and procedures for calling and conducting any meeting of the holders of Series W Preferred Stock (including, without limitation, the fixing of a record date in connection therewith), the solicitation and use of proxies at such a meeting, the obtaining of written consents and any other aspect or matter with regard to such a meeting or such consents shall be governed by any rules the Board of Directors, in its discretion, may adopt from time to time, which rules and procedures shall conform to the requirements of the Restated Certificate of Incorporation, the Bylaws, applicable law and any national securities exchange or other trading facility in which the Series W Preferred Stock is listed or traded at the time.

**Section 8. Preemption and Conversion**. The holders of Series W Preferred Stock shall not have any rights of preemption or rights to convert such Series W Preferred Stock into shares of any other class of capital stock of the Corporation.

**Section 9. Reacquired Shares**. Shares of Series W Preferred Stock which have been issued and redeemed or otherwise purchased or acquired by the Corporation shall be restored to the status of authorized but unissued shares of Preferred Stock without designation as to series.

**Section 10. No Sinking Fund**. Shares of Series W Preferred Stock are not subject to the operation of a sinking fund.

**Section 11. Additional Classes or Series of Stock**. Notwithstanding anything set forth in the Restated Certificate of Incorporation or this Certificate of Designation to the contrary, the Board of Directors of the Corporation, or any authorized committee of the Board of Directors of the Corporation, (i) without the vote of the holders of the Series W Preferred Stock, may authorize and issue additional shares of Junior Stock and Parity Stock and (ii) with the requisite vote of the holders of the Series W Preferred Stock and Parity Stock entitled to vote thereon, may authorize and issue any additional class or series of Preferred Stock or Preference Stock senior to the Series W Preferred Stock as to the payment of dividends and/or the distribution of assets upon any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation.

*[Signature Page Follows]*

**In Witness Whereof, Wells Fargo & Company** has caused this Certificate of Designation to be signed by Barbara S. Brett, its Senior Vice President and Assistant Treasurer, and Jeannine E. Zahn, its Assistant Secretary, this 28th day of January, 2016.

**Wells Fargo & Company**

By: /s/ Barbara S. Brett
Barbara S. Brett, Senior Vice President and
Assistant Treasurer

/s/ Jeannine E. Zahn
Jeannine E. Zahn, Assistant Secretary

[As filed with the Delaware Secretary of State on January 28, 2016.]

**WELLS FARGO & COMPANY**

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**CERTIFICATE OF DESIGNATION**

Pursuant to Section 151(g) of the

General Corporation Law

of the State of Delaware

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**NON-CUMULATIVE PERPETUAL CLASS A PREFERRED STOCK, SERIES X**
**(Without Par Value)**

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WELLS FARGO & COMPANY, a corporation organized and existing under the laws of the State of Delaware (the "*Corporation*"), HEREBY CERTIFIES that, pursuant to authority conferred upon the Board of Directors of the Corporation (the "*Board of Directors*") by the provisions of the Restated Certificate of Incorporation of the Corporation, as amended, which authorize the issuance of not more than 20,000,000 shares of Preferred Stock, without par value, and pursuant to authority conferred upon the Securities Committee of the Board of Directors (the "*Committee*") in accordance with Section 141(c) of the General Corporation Law of the State of Delaware (the "*General Corporation Law*"), the following resolutions were duly adopted by the Committee pursuant to the unanimous written consent of the Committee duly adopted on June 14, 2016, in accordance with Section 141(f) of the General Corporation Law:

**Resolved,** that pursuant to the authority vested in the Committee and in accordance with the resolutions of the Board of Directors dated April 29, 2014, the provisions of the Restated Certificate of Incorporation, the By-laws of the Corporation, and applicable law, a series of Preferred Stock, no par value, of the Corporation be and hereby is created, and that the designation and number of shares of such series, and the voting and other powers, designations, preferences and relative, participating, optional or other rights, and the qualifications, limitations and restrictions thereof, of the shares of such series, are as follows:

**RIGHTS AND PREFERENCES**

**Section 1. Designation**. The shares of such series of Preferred Stock shall be designated Non-Cumulative Perpetual Class A Preferred Stock, Series X, with no par value and a liquidation preference amount of $25,000 per share (the "*Series X Preferred Stock*"). Each share of Series X Preferred Stock shall be identical in all respects to every other share of Series X Preferred Stock except with respect to the date from which dividends may accrue. Series X Preferred Stock will rank equally with Parity Stock with respect to the payment of dividends and distribution of assets in the event of any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation and will rank senior to Junior Stock with respect to the payment of dividends and/or the distribution of assets in the event of any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation.

**Section 2. Number of Shares**. The number of authorized shares of Series X Preferred Stock shall be 46,000. Such number may from time to time be increased (but not in excess of the total number of authorized shares of Preferred Stock) or decreased (but not below the number of shares of Series X Preferred Stock then outstanding) by further resolution duly adopted by the Board of Directors of the Corporation or any duly authorized committee of the Board of Directors of the Corporation and by the filing of a certificate pursuant to the provisions of the General Corporation Law stating that such increase or decrease, as the case may be, has been so authorized. The Corporation shall have the authority to issue fractional shares of Series X Preferred Stock.

**Section 3. Definitions**. As used herein with respect to Series X Preferred Stock:

"*Business Day*" means any day, other than a Saturday or Sunday, that is neither a legal holiday nor a day on which banking institutions are authorized or required by law or regulation to close in New York, New York.

"*Certificate of Designation*" means this Certificate of Designation relating to the Series X Preferred Stock, as it may be amended from time to time.

*"Common Stock"* means the common stock of the Corporation, par value $1⅔ per share, as the same exists at the date of this Certificate of Designation or as such stock may be constituted from time to time.

"*Depositary Company*" has the meaning set forth in Section 6(d) hereof.

"*Dividend Payment Date*" has the meaning set forth in Section 4(a) hereof.

"*Dividend Period*" has the meaning set forth in Section 4(a) hereof.

"*DTC*" means The Depository Trust Company, together with its successors and assigns.

*"Junior Stock*" means the Common Stock and any other class or series of stock of the Corporation now existing or hereafter authorized over which the Series X Preferred Stock has preference or priority in the payment of dividends or in the distribution of assets on any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation.

"*Liquidation Preference*" has the meaning set forth in Section 5(a) hereof.

"*Nonpayment Event*" shall have the meaning set forth in Section 7(b).

"*Parity Stock*" means any other class or series of stock of the Corporation now existing or hereafter authorized that ranks on par with the Series X Preferred Stock in the payment of dividends (whether such dividends are cumulative or non-cumulative) or in the distribution of assets in the event of any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation.

"*Preference Stock*" means any and all series of preference stock, having no par value, of the Corporation.

"*Preferred Stock*" means any and all series of preferred stock, having no par value, of the Corporation, including the Series X Preferred Stock.

"*Preferred Stock Directors*" shall have the meaning set forth in Section 7(b).

"*Regulatory Capital Treatment Event*" means the Corporation's reasonable determination that as a result of any (i) amendment to, clarification of, or change (including any announced prospective change) in, the laws or regulations of the United States or any political subdivision of or in the United States that is enacted or becomes effective on or after June 8, 2016; (ii) proposed change in those laws or regulations that is announced or becomes effective on or after June 8, 2016; or (iii) official administrative decision or judicial decision or administrative action or other official pronouncement interpreting or applying those laws or regulations that is announced on or after June 8, 2016, there is more than an insubstantial risk that the Corporation will not be entitled to treat the full liquidation preference amount of all shares of Series X Preferred Stock then outstanding as Tier 1 capital (or its equivalent) for purposes of the capital adequacy guidelines or regulations of the appropriate federal banking agency, as then in effect and applicable, for as long as any share of Series X Preferred Stock is outstanding.

"*Series X Preferred Stock*" has the meaning set forth in Section 1 hereof.

"*Voting Parity Stock*" means any Parity Stock having similar voting rights as the Series X Preferred Stock.

**Section 4. Dividends.**

**(a) Rate**. Dividends on the Series X Preferred Stock will not be mandatory. Holders of Series X Preferred Stock shall be entitled to receive, when, as and if declared by the Board of Directors of the Corporation or any duly authorized committee of the Board of Directors of the Corporation, but only out of assets legally available therefor, non-cumulative cash dividends on the liquidation preference amount of $25,000 per share of the Series X Preferred Stock, payable quarterly in arrears on the 15th day of March, June, September and December of each year (commencing on September 15, 2016); provided, however, if any such day is not a Business Day, then payment of any dividend otherwise payable on that date will be made on the next succeeding day that is a Business Day, without any interest or other payment in respect of such delay (each such day on which dividends are payable a "*Dividend Payment Date*"). A "*Dividend Period*" means the period from, and including, a Dividend Payment Date to, but excluding, the next succeeding Dividend Payment Date, except for the initial Dividend Period, which will be the period from, and including, June 15, 2016 to, but excluding, September 15, 2016. Dividends on each share of Series X Preferred Stock will accrue at a rate *per annum* equal to 5.50%. The record date for payment of dividends on the Series X Preferred Stock shall be the last Business Day of the calendar month immediately preceding the month during which the Dividend Payment Date falls or such other date as determined by the Corporation's Board of Directors. The amount of dividends payable shall be computed on the basis of a 360-day year of twelve

30-day months. Dollar amounts resulting from that calculation will be rounded to the nearest cent, with one-half cent being rounded upward.

**(b) Non-Cumulative Dividends**. Dividends on shares of Series X Preferred Stock shall be non-cumulative. To the extent that any dividends payable on the shares of Series X Preferred Stock on any Dividend Payment Date are not declared prior to such Dividend Payment Date, then such dividends shall not cumulate and shall cease to accrue and be payable, and the Corporation shall have no obligation to pay, and the holders of Series X Preferred Stock shall have no right to receive, dividends accrued for such Dividend Period on the Dividend Payment Date for such Dividend Period or at any time in the future or interest with respect to such dividends, whether or not dividends are declared for any subsequent Dividend Period with respect to Series X Preferred Stock or any other series of authorized Preferred Stock, Preference Stock, or Common Stock of the Corporation.

**(c) Priority of Dividends**. So long as any shares of Series X Preferred Stock remain outstanding,

(1) no dividend shall be declared and paid or set aside for payment and no distribution shall be declared and made or set aside for payment on any Common Stock, and no shares of Common Stock shall be repurchased, redeemed or otherwise acquired for consideration by the Corporation, directly or indirectly, nor shall any monies be paid to or made available for a sinking fund for the redemption of any such Common Stock by the Corporation (other than (i) a dividend payable in Common Stock or (ii) the acquisition of shares of Common Stock in exchange for, or through application of proceeds of the sale of, shares of Common Stock);

(2) no dividend shall be declared and paid or set aside for payment and no distribution shall be declared and made or set aside for payment on any Junior Stock other than Common Stock, and no shares of Junior Stock other than Common Stock shall be repurchased, redeemed or otherwise acquired for consideration by the Corporation, directly or indirectly, nor shall any monies be paid to or made available for a sinking fund for the redemption of any such Junior Stock other than Common Stock by the Corporation (other than (i) a dividend payable solely in shares of Junior Stock, (ii) any dividend in connection with the implementation of a stockholder rights plan, or the redemption or repurchase of any rights under any such plan, (iii) any dividend in the form of stock, warrants, options or other rights where the dividend stock or stock issuable upon exercise of such warrants, options or other rights is the same stock as that on which the dividend is being paid or ranks equally with or junior to such stock, (iv) as a result of a reclassification of Junior Stock other than Common Stock for or into other Junior Stock, (v) the exchange or conversion of one share of Junior Stock other than Common Stock for or into another share of Junior Stock, (vi) through the use of proceeds of a substantially contemporaneous sale of other shares of Junior Stock, (vii) any purchase, redemption or other acquisition of Junior Stock other than Common Stock pursuant to any of the Corporation's or any of its subsidiaries' employee, consultant or director incentive or benefit plans or arrangements (including any employment, severance or consulting arrangements) adopted before or after June 8, 2016, (viii) any purchase of fractional interests in shares of Junior Stock other than Common Stock pursuant to the conversion or exchange provisions of such Junior Stock other than Common Stock or the securities being converted or exchanged, (ix) the purchase of Junior Stock other than Common Stock by Wells Fargo Securities, LLC, or any other affiliate of

the Corporation, in connection with the distribution thereof or (x) the purchase of Junior Stock other than Common Stock by Wells Fargo Securities, LLC, or any other affiliate of the Corporation, in connection with market-making or other secondary market activities in the ordinary course of business); and

(3) no shares of Parity Stock will be repurchased, redeemed or otherwise acquired for consideration by the Corporation otherwise than pursuant to *pro rata* offers to purchase all, or a *pro rata* portion, of the Series X Preferred Stock and such Parity Stock during a Dividend Period (other than (i) as a result of a reclassification of Parity Stock for or into other Parity Stock or Junior Stock, (ii) the exchange or conversion of one share of Parity Stock for or into another share of Parity Stock or Junior Stock, (iii) through the use of proceeds of a substantially contemporaneous sale of other shares of Parity Stock or Junior Stock, (iv) any purchase, redemption or other acquisition of Parity Stock pursuant to any of the Corporation's or any of its subsidiaries' employee, consultant or director incentive or benefit plans or arrangements (including any employment, severance or consulting arrangements) adopted before or after June 8, 2016, (v) any purchase of fractional interests in shares of Parity Stock pursuant to the conversion or exchange provisions of such Parity Stock or the securities being converted or exchanged, (vi) the purchase of Parity Stock by Wells Fargo Securities, LLC, or any other affiliate of the Corporation, in connection with the distribution thereof or (vii) the purchase of Parity Stock by Wells Fargo Securities, LLC, or any other affiliate of the Corporation, in connection with market-making or other secondary market activities in the ordinary course of business),

unless, in each case, the full dividends for the then-current Dividend Period on all outstanding shares of the Series X Preferred Stock have been declared and paid or declared and a sum sufficient for the payment of those dividends has been set aside.

Subject to the succeeding sentence, for so long as any shares of Series X Preferred Stock remain outstanding, no dividends shall be declared, paid, or set aside for payment on any Parity Stock for any period unless full dividends on all outstanding shares of Series X Preferred Stock for the then-current Dividend Period have been paid in full or declared and a sum sufficient for the payment thereof set aside. To the extent the Corporation declares dividends on the Series X Preferred Stock and on any Parity Stock but cannot make full payment of those declared dividends, the Corporation will allocate the dividend payments on a proportional basis among the holders of shares of Series X Preferred Stock and the holders of any Parity Stock then outstanding where the terms of such Parity Stock provide similar dividend rights.

Subject to the foregoing, and not otherwise, such dividends (payable in cash, stock or otherwise) as may be determined by the Board of Directors of the Corporation or any duly authorized committee of the Board of Directors of the Corporation may be declared and paid on the Common Stock and any other stock that is Parity Stock or Junior Stock, from time to time out of any assets legally available for such payment, and the shares of Series X Preferred Stock shall not be entitled to participate in any such dividends.

**Section 5. Liquidation Rights.**

**(a) Liquidation**. In the event of any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation, holders of Series X Preferred Stock shall be entitled to receive in full out of assets available for distribution to its stockholders before any distribution or payment out of the assets of the Corporation may be made to or set aside for the holders of the Common Stock or any other Junior Stock, and subject to the rights of the holders of Parity Stock or any stock of the Corporation ranking senior to the Series X Preferred Stock as to such distribution, a liquidating distribution in the amount of $25,000 per share, plus an amount equal to any dividends which have been declared but not yet paid, without accumulation of any undeclared dividends, to the date of liquidation (the "*Liquidation Preference*"). The holders of Series X Preferred Stock shall not be entitled to any further payments in the event of any such voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation other than what is expressly provided for in this Section 5.

**(b) Partial Payment**. If the assets of the Corporation are not sufficient to pay in full the Liquidation Preference to all holders of Series X Preferred Stock and all holders of any Parity Stock, the amounts paid to the holders of Series X Preferred Stock and to the holders of all Parity Stock shall be *pro rata* in accordance with the respective aggregate liquidation preference of Series X Preferred Stock and all such Parity Stock.

**(c) Residual Distributions**. If the Liquidation Preference has been paid in full to all holders of Series X Preferred Stock and all other amounts payable upon liquidation, dissolution or winding up of the Corporation have been paid in full to all holders of any Parity Stock, the holders of Common Stock and any other Junior Stock shall be entitled to receive all remaining assets of the Corporation according to their respective rights and preferences.

**(d) Merger, Consolidation and Sale of Assets Not Liquidation**. For purposes of this Section 5, the sale, conveyance, exchange or transfer (for cash, shares of stock, securities or other consideration) of all or substantially all of the property and assets of the Corporation shall not be deemed a voluntary or involuntary dissolution, liquidation or winding up of the affairs of the Corporation, nor shall the merger, consolidation or any other business combination transaction of the Corporation into or with any other corporation or person or the merger, consolidation or any other business combination transaction of any other corporation or person into or with the Corporation be deemed to be a voluntary or involuntary dissolution, liquidation or winding up of the affairs of the Corporation.

**Section 6. Redemption.**

**(a) Optional Redemption**. The Corporation, at the option of its Board of Directors or any duly authorized committee of the Board of Directors of the Corporation, may redeem, subject to the prior approval of the Federal Reserve Board, out of funds legally available therefor, in whole or in part, the shares of Series X Preferred Stock at the time outstanding, at any time on any Dividend Payment Date on or after September 15, 2021, upon notice given as provided in Section 6(b) below. The redemption price for shares of Series X Preferred Stock

shall be $25,000 per share plus an amount equal to any dividends that have been declared but not paid up to the redemption date without accumulation of any undeclared dividends.

Notwithstanding the foregoing, within 90 days of the Corporation's good faith determination that a Regulatory Capital Treatment Event has occurred, the Corporation, at the option of its Board of Directors or any duly authorized committee of the Board of Directors of the Corporation, may, subject to the approval of the appropriate federal banking agency, redeem out of funds legally available therefor, in whole, but not in part, the shares of Series X Preferred Stock at the time outstanding, prior to September 15, 2021, upon notice given as provided in Section 6(b) below. The redemption price for shares of Series X Preferred Stock shall be $25,000 per share plus an amount equal to any dividends that have been declared but not paid, without accumulation of any undeclared dividends.

**(b) Notice of Redemption**. Notice of every redemption of shares of Series X Preferred Stock shall be mailed by first class mail, postage prepaid, addressed to the holders of record of such shares to be redeemed at their respective last addresses appearing on the stock register of the Corporation. Such mailing shall be at least 40 days and not more than 70 days before the date fixed for redemption. Any notice mailed as provided in this Section 6(b) shall be conclusively presumed to have been duly given, whether or not the holder receives such notice, but failure duly to give such notice by mail, or any defect in such notice or in the mailing thereof, to any holder of shares of Series X Preferred Stock designated for redemption shall not affect the validity of the proceedings for the redemption of any other shares of Series X Preferred Stock. Each notice shall state (i) the redemption date; (ii) the number of shares of Series X Preferred Stock to be redeemed and, if fewer than all the shares held by such holder are to be redeemed, if applicable, the number of such shares to be redeemed from such holder; (iii) the redemption price; (iv) the place or places where the certificates for those shares are to be surrendered for payment of the redemption price; and (v) that dividends on the shares to be redeemed will cease to accrue on the redemption date. Notwithstanding the foregoing, if the Series X Preferred Stock is held in book-entry form through DTC, the Corporation may give such notice in any manner permitted by DTC.

**(c) Partial Redemption**. In case of any redemption of only part of the shares of Series X Preferred Stock at the time outstanding, the shares of Series X Preferred Stock to be redeemed shall be selected either *pro rata* from the holders of record of Series X Preferred Stock in proportion to the number of Series X Preferred Stock held by such holders or in such other manner consistent with the rules and policies of the New York Stock Exchange as the Board of Directors of the Corporation or any duly authorized committee of the Board of Directors of the Corporation may determine to be fair and equitable. Subject to the provisions of this Section 6, the Board of Directors of the Corporation or any duly authorized committee of the Board of Directors shall have full power and authority to prescribe the terms and conditions upon which shares of Series X Preferred Stock shall be redeemed from time to time.

**(d) Effectiveness of Redemption**. If notice of redemption has been duly given and if on or before the redemption date specified in the notice all funds necessary for the redemption

have been irrevocably set aside by the Corporation, separate and apart from its other assets, in trust for the *pro rata* benefit of the holders of the shares called for redemption, so as to be and

continue to be available therefor, or deposited by the Corporation with a bank or trust company selected by the Board of Directors of the Corporation or any duly authorized committee of the Board of Directors (the "*Depositary Company*") in trust for the *pro rata* benefit of the holders of the shares called for redemption, then, notwithstanding that any certificate for any share so called for redemption has not been surrendered for cancellation, on and after the redemption date all shares so called for redemption shall cease to be outstanding, all dividends with respect to such shares shall cease to accrue after such redemption date, and all rights with respect to such shares shall forthwith on such redemption date cease and terminate, except only the right of the holders thereof to receive the amount payable on such redemption from the Depository Company at any time after the redemption date from the funds so deposited, without interest. The Corporation shall be entitled to receive, from time to time, from the Depositary Company any interest accrued on such funds, and the holders of any shares called for redemption shall have no claim to any such interest. Any funds so deposited and unclaimed at the end of two years from the redemption date shall, to the extent permitted by law, be released or repaid to the Corporation, after which time the holders of the shares so called for redemption shall look only to the Corporation for payment of the redemption price of such shares.

**Section 7. Voting Rights.**

**(a) General.** The holders of Series X Preferred Stock shall not be entitled to vote on any matter except as set forth in paragraph 7(b) below or as required by applicable law.

**(b) Right To Elect Two Directors Upon Nonpayment Events.** Whenever dividends payable on any shares of Series X Preferred Stock or any class or series of Voting Parity Stock have not been declared and paid in an aggregate amount equal to, as to any class or series, at least six quarterly Dividend Periods or their equivalent, whether or not for consecutive Dividend Periods (a "*Nonpayment Event*"), the holders of the outstanding Series X Preferred Stock, voting together as a class with holders of Voting Parity Stock whose voting rights are exercisable, will be entitled to vote for the election of two additional directors of the Corporation's Board of Directors at the Corporation's next annual meeting of stockholders and at each subsequent annual meeting of stockholders (the "*Preferred Stock Directors*") by a plurality of the votes cast; *provided* that the Board of Directors shall at no time include more than two Preferred Stock Directors (including, for purposes of this limitation, all directors that the holders of any series of Voting Parity Stock are entitled to elect pursuant to like voting rights). Upon the vesting of such right of such holders, the maximum authorized number of members of the Board of Directors shall automatically be increased by two and the two vacancies so created shall be filled by vote of the holders of the outstanding Series X Preferred Stock (together with the holders of shares of any one or more other series of Voting Parity Stock). At elections for such directors, each holder of the Series X Preferred Stock shall be entitled to 25 votes for each share held (the holders of shares of any other series of Voting Parity Stock being entitled to such number of votes, if any, for each share of such stock as may be granted to them). The right of the holders of the Series X Preferred Stock (voting together as a class with the holders of shares of any one or more other

series of Voting Parity Stock) to elect Preferred Stock Directors shall continue until such time as the Corporation has paid in full dividends for the equivalent of at least four quarterly Dividend Periods or their equivalent, at which time such right with respect to the Series X Preferred Stock shall terminate, except as provided by law, and subject to revesting in the event of each and every subsequent default of the character described in this Section 7(b).

Upon any termination of the right of the holders of all shares of Series X Preferred Stock and Voting Parity Stock to vote for Preferred Stock Directors, the term of office of all Preferred Stock Directors then in office elected by only those holders voting as a class shall terminate immediately. Any Preferred Stock Director may be removed at any time without cause by the holders of a majority of the outstanding shares of Series X Preferred Stock and Voting Parity Stock, when they have the voting rights described above (voting together as a class). In case any vacancy shall occur among the Preferred Stock Directors, a successor may be elected by a plurality of the votes cast by the holders of Series X Preferred Stock and Voting Parity Stock having the voting rights described above, voting together as a class, unless the vacancy has already been filled. The Preferred Stock Directors shall each be entitled to one vote per director on any matter that shall come before the Board of Directors for a vote. Whenever the term of office of the directors elected by such holders voting as a class shall end and the special voting powers vested in such holders as provided in this Section 7(b) shall have expired, the number of directors shall be such number as may be provided for in the By-Laws irrespective of any increase made pursuant to this Section 7(b).

**(c) Other Voting Rights**. In addition to any other vote required by law or the Restated Certificate of Incorporation, so long as any shares of the Series X Preferred Stock remain outstanding, the vote or consent of the holders of the outstanding shares of Series X Preferred Stock and outstanding shares of all other series of Voting Parity Stock entitled to vote on the matter, by a vote of at least 66 2/3% in voting power of all such outstanding Series X Preferred Stock and such Voting Parity Stock, voting together as a class, given in person or by proxy, either in writing without a meeting or at any meeting called for the purpose, shall be necessary to permit, effect or validate any one or more of the following actions, whether or not such approval is required by Delaware law: (i) the issuance of any class or series of Preferred Stock or Preference Stock ranking senior to the Series X Preferred Stock in the payment of dividends or the distribution of assets in the event of the Corporation's voluntary or involuntary liquidation, dissolution or winding up; (ii) any amendment, alteration or repeal of any provision of the Restated Certificate of Incorporation, including the Certificate of Designation, or the By-laws that would adversely affect the rights, preferences, privileges or voting powers of the Series X Preferred Stock; (iii) any amendment or alteration of the Restated Certificate of Incorporation, including the Certificate of Designation, or By-laws to authorize, create, or increase the authorized amount of, any shares of, or any securities convertible into shares of, any class or series of the Corporation's capital stock ranking senior to the Series X Preferred Stock with respect to either the payment of dividends or in the distribution of assets in the event of the Corporation's voluntary or involuntary liquidation, dissolution or winding up; or (iv) any consummation of a reclassification involving the Series X Preferred Stock or a merger or consolidation with another corporation or other entity, except holders of the Series X Preferred Stock will have no right to vote under this Section 7(c)(iv) if in each case (a) the shares of

Series X Preferred Stock remain outstanding or, in the case of any such merger or consolidation with respect to which the Corporation is not the surviving or resulting entity, are converted into or exchanged for preference securities of the surviving or resulting entity or its ultimate parent, and (b) such shares of Series X Preferred Stock remaining outstanding or such preference

securities, as the case may be, have such rights, preferences, privileges and voting powers, taken as a whole, as are not materially less favorable to the holders thereof than the rights, preferences, privileges and voting powers of the Series X Preferred Stock, taken as a whole; *provided, however*, that any authorization, creation or increase in the authorized amount of or issuance of the Series X Preferred Stock or any Parity Stock or Junior Stock or any securities convertible into any class or series of Parity Stock (whether dividends payable in respect of such Parity Stock are cumulative or non-cumulative) or Junior Stock will be deemed not to adversely affect the rights, preferences, privileges or voting powers of the Series X Preferred Stock, and holders of the Series X Preferred Stock shall have no right to vote thereon.

If any amendment, alteration, repeal, reclassification, merger or consolidation specified in this Section 7(c) would adversely affect one or more but not all series of voting Preferred Stock (including the Series X Preferred Stock), then only those series affected by and entitled to vote on the matter shall vote on the matter together as a class (in lieu of all other series of Preferred Stock).

Each holder of the Series X Preferred Stock will have 25 votes per share on any matter on which holders of the Series X Preferred Stock are entitled to vote, whether separately or together with any other series of stock of the Corporation (the holders of any shares of any other series of stock being entitled to such number of votes, if any, for each share of stock as may be granted to them), pursuant to Delaware law or otherwise, including by written consent.

**(d) Changes after Provision for Redemption. No vote or consent of the holders of Series X Preferred Stock shall be required pursuant to Section 7(b) or (c) above if, at or prior to the time when any such vote or consent would otherwise be required pursuant to such Section, all outstanding Series X Preferred Stock shall have been redeemed, or notice of redemption has been given and sufficient funds shall have been irrevocably deposited in trust to effect such redemption.**

**(e) Procedures for Voting and Consents.** The rules and procedures for calling and conducting any meeting of the holders of Series X Preferred Stock (including, without limitation, the fixing of a record date in connection therewith), the solicitation and use of proxies at such a meeting, the obtaining of written consents and any other aspect or matter with regard to such a meeting or such consents shall be governed by any rules the Board of Directors, in its discretion, may adopt from time to time, which rules and procedures shall conform to the requirements of the Restated Certificate of Incorporation, the By-laws, applicable law and any national securities exchange or other trading facility in which the Series X Preferred Stock is listed or traded at the time.

**Section 8. Preemption and Conversion**. The holders of Series X Preferred Stock shall not have any rights of preemption or rights to convert such Series X Preferred Stock into shares of any other class of capital stock of the Corporation.

**Section 9. Reacquired Shares**. Shares of Series X Preferred Stock which have been issued and redeemed or otherwise purchased or acquired by the Corporation shall be restored to the status of authorized but unissued shares of Preferred Stock without designation as to series.

**Section 10. No Sinking Fund**. Shares of Series X Preferred Stock are not subject to the operation of a sinking fund.

**Section 11. Additional Classes or Series of Stock**. Notwithstanding anything set forth in the Restated Certificate of Incorporation or this Certificate of Designation to the contrary, the Board of Directors of the Corporation, or any authorized committee of the Board of Directors of the Corporation, (i) without the vote of the holders of the Series X Preferred Stock, may authorize and issue additional shares of Junior Stock and Parity Stock and (ii) with the requisite vote of the holders of the Series X Preferred Stock and Parity Stock entitled to vote thereon, may authorize and issue any additional class or series of Preferred Stock or Preference Stock senior to the Series X Preferred Stock as to the payment of dividends and/or the distribution of assets upon any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation.

*[Signature Page Follows]*

US.106566229.03

**In Witness Whereof, Wells Fargo & Company** has caused this Certificate of Designation to be signed by Barbara S. Brett, its Senior Vice President and Assistant Treasurer, and Jeannine E. Zahn, its Assistant Secretary, this 14th day of June, 2016.

**Wells Fargo & Company**

By: /s/ Barbara S. Brett

Barbara S. Brett, Senior Vice President and Assistant Treasurer

/s/ Jeannine E. Zahn
Jeannine E. Zahn, Assistant Secretary

[As filed with the Delaware Secretary of State on June 14, 2016.]

WELLS FARGO & COMPANY

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CERTIFICATE OF DESIGNATION
Pursuant to Section 151 of the
General Corporation Law of the State of Delaware

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2017 ESOP CUMULATIVE CONVERTIBLE PREFERRED STOCK
(Without Par Value)

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WELLS FARGO & COMPANY, a corporation organized and existing under the laws of the State of Delaware (the "Company"), HEREBY CERTIFIES that, pursuant to authority conferred upon the Board of Directors of the Company (the "Board") by the provisions of the Restated Certificate of Incorporation of the Company, as amended, which authorize the issuance of not more than 20,000,000 shares of Preferred Stock, without par value (the "Preferred Stock"), and pursuant to authority conferred upon the ESOP Preferred Stock Committee I of the Board (the "ESOP Committee") in accordance with Section 141(c) of the General Corporation Law of the State of Delaware (the "General Corporation Law") and by the resolutions of the Board set forth herein, the following resolutions were duly adopted by the Board at meetings of the Board duly held on January 25, 2000, January 27, 2009, and October 12, 2016, and by the ESOP Committee pursuant to the written consent of the ESOP Committee duly adopted on January 31, 2017, in accordance with Section 141(f) of the General Corporation Law:

1. On January 25, 2000, the Board adopted the following resolution (the "ESOP Board Resolutions") appointing the ESOP Committee and delegating to the ESOP Committee the full powers of the Board, subject to the ESOP Board Resolutions, in all matters relating to issuance of one or more series of Preferred Stock ("ESOP Preferred Stock") to the trustee on behalf of the Company's 401(k) Plan hereinafter referred to:

RESOLVED that a committee of one member of the Board of the Company is hereby appointed by the Board as the ESOP Preferred Stock Committee I (the "First Committee"), which shall have and may exercise the full powers of the Board, subject to these resolutions, to issue from time to time one or more series of ESOP Preferred Stock, including any shares of Company common stock ($1 2/3 par value) issuable upon conversion of ESOP Preferred Stock, and in connection therewith, to fix the designations, voting powers, preferences, and all other rights, qualifications and restrictions of such ESOP Preferred Stock, to sell such ESOP Preferred Stock to the Plan on such terms and conditions and for such purchase price as the First Committee in its discretion shall approve, and to take any and all actions as the First Committee shall deem necessary or appropriate.

2. On January 27, 2009, the Board adopted the following resolutions (the "January 2009 Resolutions") amending the ESOP Board Resolutions to allow the ESOP Committee to establish the voting rights of any series of ESOP Preferred Stock:

RESOLVED that the resolution set forth in the ESOP Board Resolutions under the caption "Voting Rights of ESOP Preferred Stock" is hereby deleted in its entirety.

RESOLVED that the ESOP Board Resolutions are hereby further amended to delete "Appendix A - Voting Rights" in its entirety.

3. Pursuant to resolutions adopted on October 12, 2016, the Board designated Timothy J. Sloan as the sole member of the ESOP Committee, effective October 12, 2016.

4. On January 31, 2017, pursuant to authority conferred upon it by the Board in the ESOP Board Resolutions as amended by the January 2009 Resolutions, the ESOP Committee adopted the following resolution by written consent in accordance with Section 141(f) of the General Corporation Law:

RESOLVED that the issuance of a series of Preferred Stock, without par value, of the Company is hereby authorized and the designation, voting powers, preferences, and relative, participating, optional, and other special rights, and qualifications, limitations and restrictions thereof, in addition to those set forth in the Restated Certificate of Incorporation of the Company, as amended, are hereby fixed as follows:

2017 ESOP CUMULATIVE CONVERTIBLE PREFERRED STOCK

1. Designation and Number of Shares; Restricted Issue.

(a) The designation of the series of Preferred Stock, without par value, provided for herein shall be "2017 ESOP Cumulative Convertible Preferred Stock" (hereinafter referred to as the "2017 ESOP Preferred Stock") and the number of authorized shares constituting the 2017 ESOP Preferred Stock is 950,000, based on an offering price for the 2017 ESOP Preferred Stock of $1,033.00 per share. Each share of 2017 ESOP Preferred Stock shall have a stated value of $1,000.00 per share. The number of authorized shares of 2017 ESOP Preferred Stock may be reduced by further resolution duly adopted by the Board or the Securities Committee and by the filing of a certificate pursuant to the provisions of the General Corporation Law of the State of Delaware stating that such reduction has been so authorized, provided, however, that the authorized number of shares of 2017 ESOP Preferred Stock shall not be decreased below the then outstanding number of such shares, and provided further that the number of authorized shares of 2017 ESOP Preferred Stock shall not be increased. All shares of the 2017 ESOP Preferred Stock purchased, redeemed, or converted by the Company shall be retired and canceled and shall be restored to the status of authorized but unissued shares of Preferred Stock, without designation as to series, and may thereafter be issued, but not as shares of 2017 ESOP Preferred Stock.

(b) Shares of 2017 ESOP Preferred Stock shall be issued only to a trustee (the "Trustee") acting on behalf of the Wells Fargo & Company 401(k) Plan, or any successor to such plan (the "Plan"). All references to the holder of shares of 2017 ESOP Preferred Stock shall mean the Trustee or any company with which or into which the Trustee may merge or any successor trustee under the trust agreement with respect to the Plan. In the event of any transfer of record ownership of shares of 2017 ESOP Preferred Stock to any person other than any successor trustee under the Plan, the shares of 2017 ESOP Preferred Stock so transferred, upon such transfer and without any further action by the Company or the holder thereof, shall be automatically converted into shares of the common stock, par value $1-2/3 per share, of the Company (the "Common Stock") on the terms otherwise provided for the conversion of the shares of 2017 ESOP Preferred Stock into shares of Common Stock pursuant to paragraph (a) of Section 4 hereof, and no such transferee shall have any of the voting powers, preferences, and relative, participating, optional or special rights ascribed to shares of 2017 ESOP Preferred Stock hereunder but, rather, only the powers and rights pertaining to the Common Stock into which such shares of 2017 ESOP Preferred Stock shall be so converted. In the event of such a conversion, the transferee of the shares of 2017 ESOP Preferred Stock shall be treated for all purposes as the record holder of the shares of Common Stock into which such shares of 2017 ESOP Preferred Stock have been automatically converted as of the date of such transfer. Shares of 2017 ESOP Preferred Stock may be certificated or uncertificated, at the Company's option. Certificates representing shares of 2017 ESOP Preferred Stock shall bear a legend to reflect the foregoing provisions. In the case of uncertificated 2017 ESOP Preferred Stock, the transfer agent for the 2017 ESOP Preferred Stock shall note the foregoing provisions on each 2017 ESOP Preferred Stock book entry account. The Company may require that, as a condition to transferring record ownership of any uncertificated 2017 ESOP Preferred Stock, the proposed transferee acknowledge in writing that the shares of 2017 ESOP Preferred Stock are subject to the foregoing provisions. Notwithstanding the foregoing provisions of this paragraph (b) of Section 1, shares of 2017 ESOP Preferred Stock (i)(A) shall be converted into shares of Common Stock as provided in paragraph (a) of Section 4 hereof, and (B) may be converted into shares of Common Stock as provided by paragraph (b) of Section 4 hereof and the shares of Common Stock issued upon such conversion may be transferred by the holder thereof as permitted by law and (ii) shall be redeemable by the Company upon the terms and conditions provided in Sections 5 and 6(c) hereof.

2. Voting Rights. No shares of 2017 ESOP Preferred Stock shall have voting rights except such voting rights as may from time to time be required by law and as set forth in this Section 2, as follows:

(a) Whenever, at any time or times, dividends payable on shares of 2017 ESOP Preferred Stock shall be in arrears for such number of dividend periods which shall in the aggregate contain not less than 540 days, the holders of the outstanding shares of 2017 ESOP Preferred Stock shall have the exclusive right, voting together as a class with holders of shares of any one or more series of Voting Parity Stock, as defined in
paragraph (e) of this Section 2,whose voting rights are exercisable, to elect two directors of the Company's Board at the Company's next annual meeting of stockholders and at each subsequent

annual meeting of stockholders (the "Preferred Stock Directors") by a plurality of the votes cast; provided that the Board of Directors shall at no time include more than two Preferred Stock Directors (including, for purposes of this limitation, all directors that the holders of any series of Voting Parity Stock are entitled to elect pursuant to like voting rights). At elections for such directors, each holder of the shares of 2017 ESOP Preferred Stock shall be entitled to one vote for each share held (the holders of shares of any series of Voting Parity Stock being entitled to such number of votes, if any, for each share of Preferred Stock held as may be granted to them). Upon the vesting of such right of such holders, the maximum authorized number of members of the Board shall automatically be increased by two and the two vacancies so created shall be filled by vote of the holders of such outstanding shares of 2017 ESOP Preferred Stock (together with the holders of shares of any one or more series of Voting Parity Stock whose voting rights are exercisable) as herein set forth. The right of such holders of such shares of 2017 ESOP Preferred Stock (voting together as a class with the holders of shares of any one or more series of Voting Parity Stock whose voting rights are exercisable) to elect Preferred Stock Directors as aforesaid shall continue until such time as all dividends accumulated on such shares of 2017 ESOP Preferred Stock shall have been paid in full, at which time such right with respect to such shares of 2017 ESOP Preferred Stock shall terminate, except as herein or by law expressly provided, subject to revesting in the event of each and every subsequent default of the character above mentioned.

(b) Upon any termination of the right of the holders of all shares of 2017 ESOP Preferred Stock and Voting Parity Stock entitled to vote for Preferred Stock Directors, the term of office of all Preferred Stock Directors then in office elected by such holders voting as a class shall terminate immediately. Any Preferred Stock Director may be removed at any time without cause by the holders of a majority of the outstanding shares of 2017 ESOP Preferred Stock and Voting Parity Stock, when they have the voting rights described above (voting together as a class). In case any vacancy shall occur among the Preferred Stock Directors, a successor may be elected by a plurality of the votes cast by the holders of 2017 ESOP Preferred Stock and Voting Parity Stock having the voting rights described above, voting together as a class, unless the vacancy has already been filled. The Preferred Stock Directors shall each be entitled to one vote per director on any matter that shall come before the Board of Directors for a vote. Whenever the term of office of the directors elected by such holders voting as a class shall end and the special voting powers vested in such holders as provided in this resolution shall have expired, the number of directors shall be such number as may be provided for in the By-Laws of the Company irrespective of any increase made pursuant to the provisions of this Section 2(b).

(c) In addition to any other vote required by law or the Restated Certificate of Incorporation, so long as any shares of 2017 ESOP Preferred Stock remain outstanding, the vote or consent of the holders of the outstanding shares of 2017 ESOP Preferred Stock and outstanding shares of all series of Voting Parity Stock entitled to vote on the matter, by a vote of at least two-thirds in voting power of all such outstanding shares of 2017 ESOP Preferred Stock and such series of Voting Parity Stock voting together as a class, given in person or by proxy, either in writing or at any special or annual meeting called for the purpose, shall be necessary to permit, effect or validate any one or more of the following whether or not such approval is required by Delaware law:

(i) the authorization, creation or issuance, or any increase in the authorized or issued amount, of any class or series of stock ranking prior to shares of 2017 ESOP Preferred Stock with respect to payment of dividends or the distribution of assets on the Company's voluntary or involuntary liquidation, dissolution or winding up, or

(ii) the amendment, alteration or repeal, whether by merger, consolidation or otherwise, of any of the provisions of the Restated Certificate of Incorporation or of the resolutions set forth in a Certificate of Designation designating shares of 2017 ESOP Preferred Stock and the preferences, powers and relative, participating, optional and other special rights and qualifications, limitations and restrictions thereof which would materially and adversely affect any right, preference, privilege or voting power of the shares of 2017 ESOP Preferred Stock or of the holders thereof; provided, however, that any increase in the amount of authorized Preferred Stock, or the creation and issuance of other series of Preferred Stock, or any increase in the amount of authorized shares of any series of Preferred Stock, in each case ranking on a parity with or junior to the shares of 2017 ESOP Preferred Stock with respect to the payment of dividends and the distribution of assets upon liquidation, dissolution or winding up, shall not be deemed to materially and adversely affect such rights, preferences, privileges or voting powers.

(d) The foregoing voting provisions shall not apply if, at or prior to the time when the act with respect to which such vote would otherwise be required shall be effected, all outstanding shares of 2017 ESOP Preferred Stock shall have been redeemed or sufficient funds shall have been irrevocably deposited in trust to effect such redemption.

(e) As used in this Section 2, "Voting Parity Stock" means any other class or series of stock of the Company now existing or hereafter authorized that ranks on par with the 2017 ESOP Preferred Stock in the payment of dividends (whether such dividends are cumulative or non-cumulative) or in the distribution of assets in the event of any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Company and having similar voting rights as the 2017 ESOP Preferred Stock.

3. Dividends. (a)(i) Holders of shares of 2017 ESOP Preferred Stock will be entitled to receive, when and as declared by the Board or a duly authorized committee thereof, out of assets of the Company legally available for payment, an annual cash dividend of $70.00 (the "Base Dividend") per share, which Base Dividend shall be subject to adjustment from time to time as provided in this Section 3.

(ii) The Base Dividend shall be adjusted, effective on December 1, 2018 and on each December 1 thereafter until December 1, 2025, as follows:

(1) If the Current Market Price (as hereinafter defined) of one share of Common Stock on November 30 (or the next preceding Trading Day (as hereinafter defined) if November 30 is not a Trading Day) of any year listed in the Dividend Adjustment Table below is equal to or greater than the First Target Price but less than the Second Target Price shown opposite that year in such table, then holders of shares of the 2017 ESOP Preferred Stock will be entitled to receive a cash dividend for

the immediately following twelve month period equal to $75.00 per share (the "First Adjusted Dividend").

(2) If the Current Market Price of one share of Common Stock on November 30 (or the next preceding Trading Day if November 30 is not a Trading Day) of any year listed in the Dividend Adjustment Table below is equal to or greater than the Second Target Price shown opposite that year in such table, then holders of shares of 2017 ESOP Preferred Stock will be entitled to receive a cash dividend for the immediately following twelve month period equal to $80.00 per share (the "Second Adjusted Dividend").

(3) If the Current Market Price of one share of Common Stock on November 30 (or next preceding Trading Day if November 30 is not a Trading Day) of any year listed in the Dividend Adjustment Table below is less than the First Target Price shown opposite that year in such table, then the holders of shares of 2017 ESOP Preferred Stock will be entitled to receive a cash dividend for the immediately following twelve month period equal to the Base Dividend.

**Dividend Adjustment Table**

| Closing Price on 11/30 | First Target Price | Second Target Price |
|---|---|---|
| 2018 | $62.09 | $66.02 |
| 2019 | $66.59 | $73.20 |
| 2020 | $71.41 | $81.16 |
| 2021 | $76.59 | $89.98 |
| 2022 | $82.14 | $99.77 |
| 2023 | $88.10 | $110.62 |
| 2024 | $94.49 | $122.65 |
| 2025 | $101.34 | $135.99 |

(4) As an example of the adjustments described in subparagraphs (1) through (3) above, if on November 30, 2018, the Current Market Price of one share of Common Stock is $63.00, then the cash dividend payable for the immediately following twelve month period per share of 2017 ESOP Preferred Stock would equal $75.00, with the first quarterly payment of such $75.00 dividend to be made on March 1, 2019. If on November 30, 2019, the Current Market Price of one share of Common Stock is $74.00, then the cash dividend payable for the immediately following twelve month period per share of 2017 ESOP Preferred Stock would equal $80.00, with the first quarterly payment of such $80.00 dividend to be made on March 1, 2020. If on November 30, 2020, the Current Market Price of one share of Common Stock is $68.00, then the cash dividend payable for the immediately following twelve month period per share of 2017 ESOP

Preferred Stock would equal $70.00, with the first quarterly payment of such $70.00 dividend to be made on March 1, 2021.

(5) For purposes of this Section 3, the terms "First Adjusted Dividend" and "Second Adjusted Dividend" are sometimes referred to as an "Adjusted Dividend;" the term "Current Market Price" shall have the meaning given to it in Section 4(c)(iv); and the term "Trading Day" shall have the meaning given to it in Section 4(c)(vi).

(iii) If one share of Common Stock in any year listed in the Dividend Adjustment Table shall be changed into a different number of shares or a different class of shares by reason of any reclassification, recapitalization, split-up, combination, exchange of shares or readjustment, or if a stock dividend thereon shall be declared with a record date within such period, then the First Target Price and the Second Target Price listed in such table for that year and each subsequent year will be appropriately and proportionately adjusted.

(iv) Dividends payable on shares of the 2017 ESOP Preferred Stock (whether such dividends are equal to the Base Dividend or to an Adjusted Dividend) shall be payable quarterly on March 1, June 1, September 1, and December 1 of each year, commencing June 1, 2017. Dividends on shares of the 2017 ESOP Preferred Stock will be cumulative from the date of initial issuance of such shares of 2017 ESOP Preferred Stock. Dividends will be payable, in arrears, to holders of record as they appear on the stock books of the Company on such record dates, not more than 30 days nor less than 15 days preceding the payment dates thereof, as shall be fixed by the Board or a duly authorized committee thereof. The amount of dividends payable per share for each dividend period shall be computed by dividing by four the Base Dividend or the Adjusted Dividend, whichever is then applicable. The amount of dividends payable for the initial dividend period or any period shorter than a full dividend period shall be calculated on the basis of actual days elapsed in a 360-day year of twelve 30-day months.

(b)(i) No full dividends shall be declared or paid or set apart for payment on any stock of the Company ranking, as to dividends, on a parity with or junior to the 2017 ESOP Preferred Stock for any period unless full cumulative dividends have been or contemporaneously are declared and paid or declared and a sum sufficient for the payment thereof has been set apart for such payment on shares of 2017 ESOP Preferred Stock for all dividend payment periods terminating on or prior to the date of payment of such full cumulative dividends. When dividends are not paid in full, as aforesaid, upon the shares of 2017 ESOP Preferred Stock and any other series of Preferred Stock ranking on a parity as to dividends with 2017 ESOP Preferred Stock, all dividends declared upon shares of 2017 ESOP Preferred Stock and any other series of Preferred Stock ranking on a parity as to dividends with 2017 ESOP Preferred Stock shall be declared pro rata so that the amount of dividends declared per share on 2017 ESOP Preferred Stock and such other series of Preferred Stock shall in all cases bear to each other the same ratio that accrued dividends per share on the shares of 2017 ESOP Preferred Stock and such other series of Preferred Stock bear to each other. Holders of shares of 2017 ESOP Preferred Stock shall not be entitled to any dividend, whether payable in cash, property, or stock, in excess of full cumulative dividends, as herein provided, on 2017 ESOP Preferred Stock. No interest, or sum of

money in lieu of interest, shall be payable in respect of any dividend payment or payments on 2017 ESOP Preferred Stock which may be in arrears.

(ii) So long as any shares of 2017 ESOP Preferred Stock are outstanding, no dividend (other than dividends or distributions paid in shares of, or options, warrants, or rights to subscribe for or purchase shares of, Common Stock or any other stock ranking junior to 2017 ESOP Preferred Stock as to dividends or upon liquidation and other than as provided in paragraph (b)(i) of this Section 3) shall be declared or paid or set aside for payment or other distribution declared or made upon Common Stock or any other capital stock of the Company ranking junior to or on a parity with 2017 ESOP Preferred Stock as to dividends or upon liquidation, nor shall any Common Stock or any other capital stock of the Company ranking junior to or on a parity with 2017 ESOP Preferred Stock as to dividends or upon liquidation, dissolution or winding up be redeemed, purchased, or otherwise acquired for any consideration (or any moneys be paid to or made available for a sinking fund for the redemption of any shares of any such stock) by the Company (except by conversion into or exchange for stock of the Company ranking junior to 2017 ESOP Preferred Stock as to dividends or upon liquidation, dissolution or winding up), unless, in each case, the full cumulative dividends on all outstanding shares of 2017 ESOP Preferred Stock shall have been paid or declared and set aside for payment of the then current dividend payment period and all past dividend payment periods.

4. Conversion. Shares of 2017 ESOP Preferred Stock are convertible from time to time hereafter pursuant to the provisions of paragraphs (a) or (b) of this Section 4 into that number of shares of Common Stock determined by dividing the stated value of each share of 2017 ESOP Preferred Stock by the then applicable Conversion Price, (as determined in accordance with the provisions of paragraph (c)(iii) of this Section 4), as follows:

(a) Each share of 2017 ESOP Preferred Stock released from the unallocated reserve of the Plan in accordance with the terms thereof shall be automatically converted, without any further action by the Company or the holder thereof, as of the date such release occurs (the "Release Date"), into fully paid and nonassessable shares of Common Stock at the then applicable Conversion Price for the 2017 ESOP Preferred Stock provided for in paragraph (c) of this Section 4.

(b) Subject to and upon compliance with the provisions of this Section 4, a holder of 2017 ESOP Preferred Stock shall be entitled at any time, prior to the close of business on the date fixed for redemption of such shares pursuant to Sections 5 or 6 hereof, to cause any or all of the shares of 2017 ESOP Preferred Stock held by such holder to be converted into fully paid and nonassessable shares of Common Stock at the then applicable Conversion Price for 2017 ESOP Preferred Stock provided for in paragraph (c) of this Section 4.

(c) For purposes of these resolutions, the following terms shall have the meanings set forth below:

(i) The "Average Current Market Price" per share of Common Stock on any date shall be deemed to be the average of the Current Market Price for one share of Common

Stock for the twenty (20) consecutive Trading Days ending on the Trading Day occurring prior to the date the "Purchase Offer" is made (as that term is defined in Section 6(d) hereof).

(ii) A "Business Day" means each day that is not a Saturday, Sunday, or a day on which state or federally chartered banking institutions in the State of New York are not required to be open.

(iii) (A) For purposes of a mandatory conversion of shares of 2017 ESOP Preferred Stock into shares of Common Stock pursuant to the provisions of paragraph (a) of this Section 4, the "Conversion Price" for such shares of 2017 ESOP Preferred Stock shall be the Current Market Price of one share of Common Stock on the relevant Release Date.

(B) For purposes of an optional conversion of shares of 2017 ESOP Preferred Stock into shares of Common Stock pursuant to the provisions of paragraph (b) of this Section 4, the "Conversion Price" for such shares of 2017 ESOP Preferred Stock shall be the Current Market Price of one share of Common Stock on the date the Conversion Notice (as that term is defined in paragraph (d) of this Section 4) is received by the Company, by the transfer agent for the 2017 ESOP Preferred Stock or by any agent for conversion of the 2017 ESOP Preferred Stock designated as such pursuant to paragraph (d) of this Section 4.

(C) For purposes of a conversion of shares of 2017 ESOP Preferred Stock into shares of Common Stock in connection with a "Purchase Offer" (as defined in Section 6(d) hereof), the "Conversion Price" for such shares of 2017 ESOP Preferred Stock shall be the Average Current Market Price of one share of Common Stock.

Each share of 2017 ESOP Preferred Stock shall be valued at its stated value of $1,000.00 for purposes of computing, based on the applicable Conversion Price, the number of shares of Common Stock into which the shares of 2017 ESOP Preferred Stock will be converted.

(iv) The "Current Market Price" of publicly traded shares of Common Stock or any other class of capital stock or other security of the Company or any other issuer for any day shall mean the reported last sale price, regular way, or, in case no sale takes place on such day, the average of the reported closing bid and asked prices, regular way, in either case as reported on the New York Stock Exchange only or, if the Common Stock is not listed or admitted to trading on the New York Stock Exchange, on the principal national securities exchange on which the Common Stock is listed or admitted to trading or, if not listed or admitted to trading on any national securities exchange, on the National Market System of the National Association of Securities Dealers, Inc. Automated Quotations System ("NASDAQ") or, if the Common Stock is not quoted on such National Market System, the average of the closing bid and asked prices on such day in the over-the-counter market as reported by NASDAQ or, if bid and asked prices for the Common Stock on each such day shall not have been reported through NASDAQ, the average of the bid and asked prices for such day as furnished by any New York Stock Exchange member firm regularly making a market in the Common Stock selected for such purpose by the Board or a committee thereof or, if no such quotations are available, the fair market value of the Common Stock as determined by a New York Stock Exchange member firm regularly making a market in the Common Stock selected for such purpose by the Board or a committee thereof.

(v) "Common Stock" shall mean the Common Stock of the Company as the same exists at the date of this Certificate of Designation or as such stock may be constituted from time to time.

(vi) "Trading Day" with respect to Common Stock means (x) if the Common Stock is listed or admitted for trading on the New York Stock Exchange or another national securities exchange, a day on which the New York Stock Exchange or such other national securities exchange is open for business or (y) if the Common Stock is quoted on the National Market System of NASDAQ, a day on which trades may be made on such National Market System or (z) otherwise, any Business Day.

(d) In connection with any conversion of 2017 ESOP Preferred Stock pursuant to this Section 4, a written notice of conversion (the "Conversion Notice") shall be delivered to the Company at its principal executive office or the offices of the transfer agent for the 2017 ESOP Preferred Stock or such office or offices in the continental United States of an agent for conversion as may from time to time be designated by notice to the holders of the 2017 ESOP Preferred Stock by the Company or the transfer agent for the 2017 ESOP Preferred Stock, which Conversion Notice shall be accompanied by (a) in the case of certificated 2017 ESOP Preferred Stock, the certificate or certificates representing the shares of 2017 ESOP Preferred Stock being converted pursuant to this Section 4, duly assigned or endorsed for transfer to the Company (or accompanied by duly executed stock powers relating thereto) and (b) in the case of uncertificated 2017 ESOP Preferred Stock, duly executed assignment and transfer documents for the shares of 2017 ESOP Preferred Stock being converted pursuant to this Section 4. Each Conversion Notice shall specify (i)(y) in the case of a mandatory conversion pursuant to paragraph (a) of this Section 4, the number of shares of 2017 ESOP Preferred Stock released from the unallocated reserve of the Plan on the Release Date or (z) in the case of an optional conversion pursuant to paragraph (b) of this Section 4, the number of shares of 2017 ESOP Preferred Stock being converted, and (ii) in connection with any conversion hereunder, (x) the name or names in which such holder wishes the certificate or certificates for Common Stock and, in the case of certificated 2017 ESOP Preferred Stock, for any shares of 2017 ESOP Preferred Stock not to be so converted to be issued, (y) the address to which such holder wishes delivery to be made of such new certificates to be issued upon such conversion, and (z) such other information as the Company or its agents may reasonably request.

(e) Upon delivery to the Company or the transfer agent for the 2017 ESOP Preferred Stock of the Conversion Notice and all other documentation and certificates required to effect the conversion, as provided in paragraph (d) of this Section 4, the Company shall issue and send by hand delivery, by courier or by first-class mail (postage prepaid) to the holder thereof or to such holder's designee, at the address designated by such holder, a certificate or certificates for the number of shares of Common Stock to which such holder shall be entitled upon conversion. If there shall have been surrendered a certificate or certificates representing shares of 2017 ESOP Preferred Stock only part of which are to be converted, the Company shall issue and deliver to such holder or such holder's designee, in the manner set forth in the preceding sentence, a new certificate or certificates representing the number of shares of 2017 ESOP Preferred Stock which shall not have been converted.

(f) The issuance by the Company of shares of Common Stock upon a conversion of shares of 2017 ESOP Preferred Stock into shares of Common Stock made pursuant to this Section 4 shall be effective (i) in the case of a mandatory conversion of shares of 2017 ESOP Preferred Stock pursuant to paragraph (a) of this Section 4, as of the Release Date; and (ii) in the case of an optional conversion of such shares pursuant to paragraph (b) of this Section 4, as of the earlier of (A) the delivery to such holder or such holder's designee of the certificates representing the shares of Common Stock issued upon conversion thereof or (B) the commencement of business on the second Business Day after the delivery to the Company or the transfer agent for the 2017 ESOP Preferred Stock of the Conversion Notice and all other documentation and certificates required to effect the conversion, as provided in paragraph (d) of this Section 4. On and after the effective date of a conversion, the person or persons entitled to receive the Common Stock issuable upon such conversion shall be treated for all purposes as the record holder or holders of such shares of Common Stock, but no allowance or adjustment shall be made in respect of dividends payable to holders of Common Stock in respect of any period prior to such effective date. The Company shall not be obligated to pay any dividends which shall have accrued or have been declared and shall be payable to holders of shares of 2017 ESOP Preferred Stock if the date on which such dividends are paid is on or after the effective date of conversion of such shares.

(g) The Company shall not be obligated to deliver to holders of 2017 ESOP Preferred Stock any fractional share or shares of Common Stock issuable upon any conversion of such shares of 2017 ESOP Preferred Stock, but in lieu thereof may make a cash payment in respect thereof in any manner permitted by law.

(h) The Company shall at all times reserve and keep available out of its authorized and unissued Common Stock, solely for issuance upon the conversion of shares of 2017 ESOP Preferred Stock as herein provided, free from any preemptive rights, such number of shares of Common Stock as shall from time to time be issuable upon the conversion of all the shares of 2017 ESOP Preferred Stock then outstanding.

(i) The Company will use its best efforts to cause the listing of the shares of Common Stock required to be delivered upon conversion of the 2017 ESOP Preferred Stock prior to distribution to Plan participants on the national securities exchange, if any, upon which the outstanding Common Stock is listed at the time of such delivery.

(j) The Company will pay any and all documentary stamp or similar issue or transfer taxes payable in respect of the issue or delivery of shares of Common Stock on conversions of the 2017 ESOP Preferred Stock pursuant hereto; provided, however, that the Company shall not be required to pay any tax which may be payable in respect of any transfer involved in the issue or delivery of shares of Common Stock in a name other than that of the holder of the 2017 ESOP Preferred Stock to be converted and no such issue or delivery shall be made unless and until the person requesting such issue or delivery has paid to the Company the amount of any such tax or has established, to the satisfaction of the Company, that such tax has been paid.

5. Redemption At the Option of the Company. (a) The 2017 ESOP Preferred Stock shall be redeemable out of assets legally available therefor, in whole or in part, at the option of the Company at any time, at a redemption price per share of 2017 ESOP Preferred Stock equal to the higher of (x) $1,000.00 per share, plus an amount equal to all accrued and unpaid dividends thereon to the date fixed for redemption, and (y) the Fair Market Value (as that term is defined in paragraph (d) of this Section 5) per share of 2017 ESOP Preferred Stock on the date fixed for redemption. Payment of the redemption price shall be made by the Company in cash or shares of Common Stock, or a combination thereof, as permitted by paragraph (c) of this Section 5. From and after the date fixed for redemption, dividends on shares of 2017 ESOP Preferred Stock called for redemption will cease to accrue and all rights in respect of such shares of the Company shall cease, except the right to receive the redemption price. Upon payment of the redemption price, such shares shall be deemed to have been transferred to the Company, to be retired as provided in paragraph (a) of Section 1. If the full cumulative dividends have not been paid, or contemporaneously declared and set aside for payment, on all outstanding shares of 2017 ESOP Preferred Stock, the Company may not redeem fewer than all the outstanding shares of 2017 ESOP Preferred Stock pursuant to this Section 5.

(b) Unless otherwise required by law, notice of any redemption pursuant to this Section 5 will be sent to the holders of 2017 ESOP Preferred Stock at the address shown on the books of the Company or any transfer agent for the 2017 ESOP Preferred Stock by hand delivery, by courier, by standard form of telecommunication or by first-class mail (postage prepaid) delivered, sent or mailed, as the case may be, not less than twenty (20) days nor more than sixty (60) days prior to the redemption date. Each such notice shall state: (i) the redemption date; (ii) the total number of shares of the 2017 ESOP Preferred Stock to be redeemed and, if fewer than all the shares held by such holder are to be redeemed, the number of such shares to be redeemed from such holder; (iii) the redemption price; (iv) whether the redemption price shall be paid in cash or in shares of Common Stock, or in a combination of such Common Stock and cash; (v) in the case of certificated 2017 ESOP Preferred Stock the place or places where certificates for such shares are to be surrendered for payment of the redemption price; (vi) that dividends on the shares to be redeemed will cease to accrue on such redemption date; and (vii) the conversion rights of the shares to be redeemed, the period within which conversion rights may be exercised and the manner in which the number of shares of Common Stock issuable upon conversion of a share of 2017 ESOP Preferred Stock will be determined. The Company shall redeem shares so called for redemption and not previously converted at the date fixed for redemption and at the redemption price set forth in this Section 5, provided that, in the case of certificated 2017 ESOP Preferred Stock, the Company shall not be obligated to pay the redemption price until the certificates for the shares to be redeemed are surrendered (properly endorsed or assigned for transfer, if the Board of Directors of the Company shall so require and the notice shall so state).

(c) The Company, at its option, may make payment of the redemption price required upon redemption of shares of 2017 ESOP Preferred Stock in cash or in shares of Common Stock, or in a combination of such Common Stock and cash, any such shares of Common Stock to be valued for such purposes at their Fair Market Value (as defined in paragraph (d)(ii) of this Section 5) or their Current Market Price, in either case as of the date

fixed for redemption of the 2017 ESOP Preferred Stock, whichever value will result in the issuance of the greater number of shares of Common Stock to the holder of the 2017 ESOP Preferred Stock then being redeemed.

(d) For purposes of these resolutions, the following terms shall have the meanings set forth below:

(i) "Adjustment Period" shall mean the period of five (5) consecutive Trading Days preceding the date as of which the Fair Market Value of a security is to be determined.

(ii) "Fair Market Value" shall mean, as to shares of Common Stock or any other class of capital stock or securities of the Company or any other issue which are publicly traded, the average of the Current Market Prices of such shares or securities for each day of the Adjustment Period. The "Fair Market Value" of any security which is not publicly traded (other than the 2017 ESOP Preferred Stock) or of any other property shall mean the fair value thereof on the date as of which the Fair Market Value of the security is to be determined, as determined by an independent investment banking or appraisal firm experienced in the valuation of such securities or property selected in good faith by the Board or a committee thereof. The "Fair Market Value" of the 2017 ESOP Preferred Stock for purposes of paragraph (a) of Section 5, and for purposes of paragraph (c) of Section 6 shall mean the fair market value thereof determined by an independent appraiser, appointed by the Trustee of the Plan in accordance with the provisions of the Plan, as of the date fixed for redemption of the 2017 ESOP Preferred Stock (in the case of a redemption pursuant to Section 5) or as of the date specified in paragraph (c) of Section 6 (in the case of a redemption under that section). For purposes of determining the Fair Market Value of the 2017 ESOP Preferred Stock, the independent appraiser shall assume (i) that all dividends on the 2017 ESOP Preferred Stock would have been paid when due, and (ii) that the mandatory conversion of shares of 2017 ESOP Preferred Stock held by the Plan into shares of Common Stock pursuant to Section 4(a) hereof would have occurred when and as payments of principal (together with accrued interest thereon) would have been made by the Trustee of the Plan in accordance with the terms of that certain 2017 ESOP Cumulative Convertible Preferred Stock Note Agreement dated on or about February 2, 2017 between the Company and the Plan (including any amendments or modifications thereto).

6. Consolidation, Merger, etc. (a) If the Company consummates any consolidation or merger or similar business combination, pursuant to which the outstanding shares of Common Stock are by operation of law exchanged solely for or changed, reclassified or converted solely into stock of any successor or resulting corporation (including the Company) that constitutes "qualifying employer securities" with respect to a holder of 2017 ESOP Preferred Stock within the meaning of Section 409(1) of the Internal Revenue Code of 1986, as amended, and Section 407(d)(5) of the Employee Retirement Income Security Act of 1974, as amended, or any successor provisions of law, and, if applicable, for a cash payment in lieu of fractional shares, if any, the shares of 2017 ESOP Preferred Stock of such holder shall, in connection with such consolidation, merger or similar business combination, be assumed by and shall become Preferred Stock of such successor or resulting corporation, having in respect of such corporation,

insofar as possible, the same powers, preferences and relative, participating, optional or other special rights (including the redemption rights provided by Sections 5 and 6 hereof), and the qualifications, limitations or restrictions thereon, that the 2017 ESOP Preferred Stock had immediately prior to such transaction, subject to the following:

(1) After such transaction each share of the 2017 ESOP Preferred Stock shall be convertible, otherwise on the terms and conditions provided by Section 4 hereof, into the number and kind of qualifying employer securities so receivable by a holder of the number of shares of Common Stock into which such shares of 2017 ESOP Preferred Stock could have been converted immediately prior to such transaction.

(2) The Company shall not consummate any such merger, consolidation or similar transaction unless all then outstanding shares of 2017 ESOP Preferred Stock shall be assumed and authorized by the successor or resulting corporation as aforesaid.

(b) If the Company consummates any consolidation or merger or similar business combination, pursuant to which the outstanding shares of Common Stock are by operation of law exchanged for or changed, reclassified or converted into other stock or securities or cash or any other property, or any combination thereof, other than any such consideration which is constituted solely of qualifying employer securities (as referred to in paragraph (a) of this Section 6) and cash payments, if applicable, in lieu of fractional shares, outstanding shares of 2017 ESOP Preferred Stock shall, without any action on the part of the Company or any holder thereof (but subject to paragraph (c) of this Section 6), be automatically converted by virtue of such merger, consolidation or similar transaction immediately prior to such consummation into the number of shares of Common Stock into which such shares of 2017 ESOP Preferred Stock could have been converted at such time so that each share of 2017 ESOP Preferred Stock shall, by virtue of such transaction and on the same terms as apply to the holders of Common Stock, be converted into or exchanged for the aggregate amount of stock, securities, cash or other property (payable in like kind) receivable by a holder of the number of shares of Common Stock into which such shares of 2017 ESOP Preferred Stock could have been converted immediately prior to such transaction. However, if by virtue of the structure of such transaction, a holder of Common Stock is required to make an election with respect to the nature and kind of consideration to be received in such transaction, which election cannot practicably be made by the holders of the 2017 ESOP Preferred Stock, then the shares of 2017 ESOP Preferred Stock shall, by virtue of such transaction and on the same terms as apply to the holders of Common Stock, be converted into or exchanged for the aggregate amount of stock, securities, cash or other property (payable in kind) receivable by a holder of the number of shares of Common Stock into which such shares of 2017 ESOP Preferred Stock could have been converted immediately prior to such transaction if such holder of Common Stock failed to exercise any rights of election as to the kind or amount of stock, securities, cash or other property receivable upon such transaction. If the kind or amount of stock, securities, cash or other property receivable upon such transaction is not the same for each non-electing share, then the kind and amount of stock, securities, cash or other property receivable upon such transaction for each non-electing share shall be the kind and amount so receivable per share by a plurality of the non-electing shares.

(c) In the event the Company shall enter into any agreement providing for any consolidation or merger or similar business combination described in paragraph (b) of this Section 6 (a "Business Combination"), then the Company shall as soon as practicable thereafter (and in any event at least fifteen (15) Business Days before consummation of such transaction) give notice of such agreement and the material terms thereof to each holder of 2017 ESOP Preferred Stock and each such holder shall have the right to elect, by written notice to the Company, to receive, upon consummation of such transaction (if and when such transaction is consummated), from the Company or the successor of the Company, in redemption and retirement of such 2017 ESOP Preferred Stock, a cash payment per share of 2017 ESOP Preferred Stock equal to the higher of (x) $1,000.00, plus accrued and unpaid dividends thereon to the date of consummation of such transaction or (y) the Fair Market Value per share of 2017 ESOP Preferred Stock, as of the last Business Day (as defined in paragraph (c) of Section 4 hereof) immediately preceding the date the Business Combination is consummated. No such notice of redemption shall be effective unless given to the Company prior to the close of business on the last Business Day prior to consummation of such transaction, unless the Company or the successor of the Company shall waive such prior notice, but any notice of redemption so given prior to such time may be withdrawn by notice of withdrawal given to the Company prior to the close of business on the last Business Day prior to consummation of such transaction.

(d) In the event that a Purchase Offer (as defined below) shall have been made and shall be continuing, each holder of 2017 ESOP Preferred Stock shall have the right to convert shares of 2017 ESOP Preferred Stock into shares of Common Stock at the Conversion Price specified in Section 4(c)(iii)(C) hereof until the date the Purchase Offer is terminated, including without limitation because the original Purchase Offer is withdrawn or because the Purchase Offer has expired and is not renewed, upon notice of such conversion given to the Company not later than the close of business on the date the Purchase Offer terminates (the "Purchase Offer Conversion Period"), unless the Company or any successor of the Company shall waive such prior notice, but any notice of conversion so given may be withdrawn by notice of withdrawal given to the Company prior to the end of the Purchase Offer Conversion Period.

For purposes of this paragraph (d), the following terms shall have the meanings set forth below:

(i) "Beneficial Ownership" shall have the meaning ascribed to it in Rule 13d-3 under the Securities Exchange Act of 1934 (the "Exchange Act") and "person" shall have the meanings specified in Sections 3(a)(9) and 13(d)(3) of the Exchange Act.

(ii) A "Purchase Offer" shall have been made when any person (other than the Company or any affiliate of the Company) shall have "commenced" (as such term is defined in Rule 14d-2 under the Exchange Act) a tender offer or exchange offer to purchase shares of Common Stock, such that, upon consummation of such offer, such person would have Beneficial Ownership (as defined herein) or the right to acquire Beneficial Ownership, of twenty percent (20%) or more of the voting power of the Company.

7. Liquidation Rights. (a) Upon the dissolution, liquidation, or winding up of the Company, the holders of the shares of 2017 ESOP Preferred Stock shall be entitled to receive and

to be paid out of the assets of the Company available for distribution to its stockholders, before any payment or distribution shall be made on or set aside for the Common Stock or any other class of stock ranking junior to 2017 ESOP Preferred Stock and subject to the rights of the holders of the shares of any series or class or classes of stock ranking on parity with or senior to the 2017 ESOP Preferred Stock, the amount of $1,000.00 per share, plus a sum equal to all dividends (whether or not earned or declared) on such shares accrued and unpaid thereon to the date of final distribution.

(b) Neither the sale of all or substantially all the property and assets of the Company, nor the merger, consolidation or other business combination of the Company into or with any other corporation, nor the merger, consolidation or other business combination of any other corporation into or with the Company shall be deemed to be a dissolution, liquidation, or winding up, voluntary or involuntary, for the purposes of this Section 7.

(c) After the payment to the holders of the shares of 2017 ESOP Preferred Stock of the full preferential amounts provided for in this Section 7, the holders of 2017 ESOP Preferred Stock, as such, shall have no right or claim to any of the remaining assets of the Company.

(d) In the event the assets of the Company available for distribution to the holders of shares of 2017 ESOP Preferred Stock upon any dissolution, liquidation, or winding up of the Company, whether voluntary or involuntary, shall be insufficient to pay in full all amounts to which such holders are entitled pursuant to paragraph (a) of this Section 7, no such distribution shall be made on account of any shares of any other series of Preferred Stock or other capital stock of the Company ranking on a parity with the shares of 2017 ESOP Preferred Stock upon such dissolution, liquidation, or winding up unless proportionate distributive amounts shall be paid on account of the shares of 2017 ESOP Preferred Stock, ratably, in proportion to the full distributable amounts for which holders of all such parity shares are respectively entitled upon such dissolution, liquidation, or winding up.

(e) Subject to the rights of the holders of the shares of any series or class or classes of stock ranking on parity with or prior to the shares of 2017 ESOP Preferred Stock upon liquidation, dissolution, or winding up, upon any liquidation, dissolution, or winding up of the Company, after payment shall have been made in full to the holders of the shares of 2017 ESOP Preferred Stock as provided in this Section 7, but not prior thereto, any other series or class or classes of stock ranking junior to the shares of 2017 ESOP Preferred Stock upon liquidation shall, subject to the respective terms and provisions (if any) applying thereto, be entitled to receive any and all assets remaining to be paid or distributed, and the holders of the shares of 2017 ESOP Preferred Stock shall not be entitled to share therein.

8. Ranking. For the purposes of these resolutions, any stock of any series or class or classes of the Company shall be deemed to rank:

(a) prior to the shares of 2017 ESOP Preferred Stock, either as to dividends or upon liquidation, dissolution or winding up, if the holders of such series or class or classes shall be entitled to the receipt of dividends or of amounts distributable upon dissolution, liquidation, or

winding up of the Company, as the case may be, in preference or priority to the holders of shares of 2017 ESOP Preferred Stock;

(b) on a parity with shares of 2017 ESOP Preferred Stock, either as to dividends or upon liquidation, dissolution or winding up, whether or not the dividend rates, dividend payment dates, or redemption or liquidation prices per share, or sinking fund provisions, if any, be different from those of 2017 ESOP Preferred Stock, if the holders of such stock shall be entitled to the receipt of dividends or of amounts distributable upon dissolution, liquidation, or winding up of the Company, as the case may be, in proportion to their respective dividend rates or liquidation prices, without preference or priority, one over the other, as between the holders of such stock and the holders of shares of 2017 ESOP Preferred Stock; and

(c) junior to shares of 2017 ESOP Preferred Stock, either as to dividends or upon liquidation, dissolution or winding up, if such class shall be Common Stock or if the holders of shares of 2017 ESOP Preferred Stock shall be entitled to receipt of dividends or of amounts distributable upon dissolution, liquidation, or winding up of the Company, as the case may be, in preference or priority to the holders of shares of such series or class or classes.

9. Priority of 2017 ESOP Preferred Stock. The shares of 2017 ESOP Preferred Stock will rank on a parity, both as to payment of dividends and the distribution of assets upon liquidation, with the Company's 2008 ESOP Cumulative Convertible Preferred Stock, its 2010 ESOP Cumulative Convertible Preferred Stock, its 2011 ESOP Cumulative Convertible Preferred Stock, its 2012 ESOP Cumulative Convertible Preferred Stock, its 2013 ESOP Cumulative Convertible Preferred Stock, its 2014 ESOP Cumulative Convertible Preferred Stock, its 2015 ESOP Cumulative Convertible Preferred Stock, and its 2016 ESOP Cumulative Convertible Preferred Stock.

IN WITNESS WHEREOF, the Company has caused this Certificate of Designation to be signed by Timothy J. Sloan, its Chief Executive Officer and President, and attested by Jeannine E. Zahn, its Assistant Secretary, on this 31st day of January, 2017.

WELLS FARGO & COMPANY

By /s/ Timothy J. Sloan
Timothy J. Sloan
President and
Chief Executive Officer

Attest:

/s/ Jeannine E. Zahn
Jeannine E. Zahn
Assistant Secretary

[As filed with the Delaware Secretary of State on February 1, 2017]

**WELLS FARGO & COMPANY**

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**CERTIFICATE OF DESIGNATION**

Pursuant to Section 151(g) of the

General Corporation Law

of the State of Delaware

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**NON-CUMULATIVE PERPETUAL CLASS A PREFERRED STOCK, SERIES Y**
**(Without Par Value)**

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WELLS FARGO & COMPANY, a corporation organized and existing under the laws of the State of Delaware (the "*Corporation*"), HEREBY CERTIFIES that, pursuant to authority conferred upon the Board of Directors of the Corporation (the "*Board of Directors*") by the provisions of the Restated Certificate of Incorporation of the Corporation, as amended, which authorize the issuance of not more than 20,000,000 shares of Preferred Stock, without par value, and pursuant to authority conferred upon the Securities Committee of the Board of Directors (the "*Committee*") in accordance with Section 141(c) of the General Corporation Law of the State of Delaware (the "*General Corporation Law*"), the following resolutions were duly adopted by the Committee pursuant to the unanimous written consent of the Committee duly adopted on April 21, 2017, in accordance with Section 141(f) of the General Corporation Law:

**Resolved,** that pursuant to the authority vested in the Committee and in accordance with the resolutions of the Board of Directors dated October 25, 2016, the provisions of the Restated Certificate of Incorporation, the By-laws of the Corporation, and applicable law, a series of Preferred Stock, no par value, of the Corporation be and hereby is created, and that the designation and number of shares of such series, and the voting and other powers, designations, preferences and relative, participating, optional or other rights, and the qualifications, limitations and restrictions thereof, of the shares of such series, are as follows:

**RIGHTS AND PREFERENCES**

**Section 1. Designation**. The shares of such series of Preferred Stock shall be designated Non-Cumulative Perpetual Class A Preferred Stock, Series Y, with no par value and a liquidation preference amount of $25,000 per share (the "*Series Y Preferred Stock*"). Each share of Series Y Preferred Stock shall be identical in all respects to every other share of Series Y Preferred Stock except with respect to the date from which dividends may accrue. Series Y Preferred Stock will rank equally with Parity Stock with respect to the payment of dividends and distribution of assets in the event of any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation and will rank senior to Junior Stock with respect to the payment of dividends and/or the distribution of assets in the event of any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation.

**Section 2. Number of Shares**. The number of authorized shares of Series Y Preferred Stock shall be 27,600. Such number may from time to time be increased (but not in excess of the total number of authorized shares of Preferred Stock) or decreased (but not below the number of shares of Series Y Preferred Stock then outstanding) by further resolution duly adopted by the Board of Directors of the Corporation or any duly authorized committee of the Board of Directors of the Corporation and by the filing of a certificate pursuant to the provisions of the General Corporation Law stating that such increase or decrease, as the case may be, has been so authorized. The Corporation shall have the authority to issue fractional shares of Series Y Preferred Stock.

**Section 3. Definitions**. As used herein with respect to Series Y Preferred Stock:

"*Business Day*" means any day, other than a Saturday or Sunday, that is neither a legal holiday nor a day on which banking institutions are authorized or required by law or regulation to close in New York, New York.

"*Certificate of Designation*" means this Certificate of Designation relating to the Series Y Preferred Stock, as it may be amended from time to time.

*"Common Stock"* means the common stock of the Corporation, par value $1⅔ per share, as the same exists at the date of this Certificate of Designation or as such stock may be constituted from time to time.

"*Depositary Company*" has the meaning set forth in Section 6(d) hereof.

"*Dividend Payment Date*" has the meaning set forth in Section 4(a) hereof.

"*Dividend Period*" has the meaning set forth in Section 4(a) hereof.

"*DTC*" means The Depository Trust Company, together with its successors and assigns.

*"Junior Stock*" means the Common Stock and any other class or series of stock of the Corporation now existing or hereafter authorized over which the Series Y Preferred Stock has preference or priority in the payment of dividends or in the distribution of assets on any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation.

"*Liquidation Preference*" has the meaning set forth in Section 5(a) hereof.

"*Nonpayment Event*" shall have the meaning set forth in Section 7(b).

"*Parity Stock*" means any other class or series of stock of the Corporation now existing or hereafter authorized that ranks on par with the Series Y Preferred Stock in the payment of dividends (whether such dividends are cumulative or non-cumulative) or in the distribution of assets in the event of any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation.

"*Preference Stock*" means any and all series of preference stock, having no par value, of the Corporation.

"*Preferred Stock*" means any and all series of preferred stock, having no par value, of the Corporation, including the Series Y Preferred Stock.

"*Preferred Stock Directors*" shall have the meaning set forth in Section 7(b).

"*Regulatory Capital Treatment Event*" means the Corporation's reasonable determination that as a result of any (i) amendment to, clarification of, or change (including any announced prospective change) in, the laws or regulations of the United States or any political subdivision of or in the United States that is enacted or becomes effective on or after April 17, 2017; (ii) proposed change in those laws or regulations that is announced or becomes effective on or after April 17, 2017; or (iii) official administrative decision or judicial decision or administrative action or other official pronouncement interpreting or applying those laws or regulations that is announced on or after April 17, 2017, there is more than an insubstantial risk that the Corporation will not be entitled to treat the full liquidation preference amount of all shares of Series Y Preferred Stock then outstanding as Tier 1 capital (or its equivalent) for purposes of the capital adequacy guidelines or regulations of the appropriate federal banking agency, as then in effect and applicable, for as long as any share of Series Y Preferred Stock is outstanding.

"*Series Y Preferred Stock*" has the meaning set forth in Section 1 hereof.

"*Voting Parity Stock*" means any Parity Stock having similar voting rights as the Series Y Preferred Stock.

**Section 4. Dividends.**

**(a) Rate**. Dividends on the Series Y Preferred Stock will not be mandatory. Holders of Series Y Preferred Stock shall be entitled to receive, when, as and if declared by the Board of Directors of the Corporation or any duly authorized committee of the Board of Directors of the Corporation, but only out of assets legally available therefor, non-cumulative cash dividends on the liquidation preference amount of $25,000 per share of the Series Y Preferred Stock, payable quarterly in arrears on the 15th day of March, June, September and December of each year (commencing on June 15, 2017); provided, however, if any such day is not a Business Day, then payment of any dividend otherwise payable on that date will be made on the next succeeding day that is a Business Day, without any interest or other payment in respect of such delay (each such day on which dividends are payable a "*Dividend Payment Date*"). A "*Dividend Period*" means the period from, and including, a Dividend Payment Date to, but excluding, the next succeeding Dividend Payment Date, except for the initial Dividend Period, which will be the period from, and including, April 24, 2017 to, but excluding, June 15, 2017. Dividends on each share of Series Y Preferred Stock will accrue at a rate *per annum* equal to 5.625%. The record date for payment of dividends on the Series Y Preferred Stock shall be the last Business Day of the calendar month immediately preceding the month during which the Dividend Payment Date falls or such other date as determined by the Corporation's Board of Directors. The amount of dividends payable shall be computed on the basis of a 360-day year of twelve 30-day months.

Dollar amounts resulting from that calculation will be rounded to the nearest cent, with one-half cent being rounded upward.

**(b) Non-Cumulative Dividends**. Dividends on shares of Series Y Preferred Stock shall be non-cumulative. To the extent that any dividends payable on the shares of Series Y Preferred Stock on any Dividend Payment Date are not declared prior to such Dividend Payment Date, then such dividends shall not cumulate and shall cease to accrue and be payable, and the Corporation shall have no obligation to pay, and the holders of Series Y Preferred Stock shall have no right to receive, dividends accrued for such Dividend Period on the Dividend Payment Date for such Dividend Period or at any time in the future or interest with respect to such dividends, whether or not dividends are declared for any subsequent Dividend Period with respect to Series Y Preferred Stock or any other series of authorized Preferred Stock, Preference Stock, or Common Stock of the Corporation.

**(c) Priority of Dividends**. So long as any shares of Series Y Preferred Stock remain outstanding,

(1) no dividend shall be declared and paid or set aside for payment and no distribution shall be declared and made or set aside for payment on any Common Stock, and no shares of Common Stock shall be repurchased, redeemed or otherwise acquired for consideration by the Corporation, directly or indirectly, nor shall any monies be paid to or made available for a sinking fund for the redemption of any such Common Stock by the Corporation (other than (i) a dividend payable in Common Stock or (ii) the acquisition of shares of Common Stock in exchange for, or through application of proceeds of the sale of, shares of Common Stock);

(2) no dividend shall be declared and paid or set aside for payment and no distribution shall be declared and made or set aside for payment on any Junior Stock other than Common Stock, and no shares of Junior Stock other than Common Stock shall be repurchased, redeemed or otherwise acquired for consideration by the Corporation, directly or indirectly, nor shall any monies be paid to or made available for a sinking fund for the redemption of any such Junior Stock other than Common Stock by the Corporation (other than (i) a dividend payable solely in shares of Junior Stock, (ii) any dividend in connection with the implementation of a stockholder rights plan, or the redemption or repurchase of any rights under any such plan, (iii) any dividend in the form of stock, warrants, options or other rights where the dividend stock or stock issuable upon exercise of such warrants, options or other rights is the same stock as that on which the dividend is being paid or ranks equally with or junior to such stock, (iv) as a result of a reclassification of Junior Stock other than Common Stock for or into other Junior Stock, (v) the exchange or conversion of one share of Junior Stock other than Common Stock for or into another share of Junior Stock, (vi) through the use of proceeds of a substantially contemporaneous sale of other shares of Junior Stock, (vii) any purchase, redemption or other acquisition of Junior Stock other than Common Stock pursuant to any of the Corporation's or any of its subsidiaries' employee, consultant or director incentive or benefit plans or arrangements (including any employment, severance or consulting arrangements) adopted before or after April 17, 2017, (viii) any purchase of fractional interests in shares of Junior Stock other than Common Stock pursuant to the conversion or exchange provisions of such Junior Stock

other than Common Stock or the securities being converted or exchanged, (ix) the purchase of Junior Stock other than Common Stock by Wells Fargo Securities, LLC, or any other affiliate of the Corporation, in connection with the distribution thereof or (x) the purchase of Junior Stock other than Common Stock by Wells Fargo Securities, LLC, or any other affiliate of the Corporation, in connection with market-making or other secondary market activities in the ordinary course of business); and

(3) no shares of Parity Stock will be repurchased, redeemed or otherwise acquired for consideration by the Corporation otherwise than pursuant to *pro rata* offers to purchase all, or a *pro rata* portion, of the Series Y Preferred Stock and such Parity Stock during a Dividend Period (other than (i) as a result of a reclassification of Parity Stock for or into other Parity Stock or Junior Stock, (ii) the exchange or conversion of one share of Parity Stock for or into another share of Parity Stock or Junior Stock, (iii) through the use of proceeds of a substantially contemporaneous sale of other shares of Parity Stock or Junior Stock, (iv) any purchase, redemption or other acquisition of Parity Stock pursuant to any of the Corporation's or any of its subsidiaries' employee, consultant or director incentive or benefit plans or arrangements (including any employment, severance or consulting arrangements) adopted before or after April 17, 2017, (v) any purchase of fractional interests in shares of Parity Stock pursuant to the conversion or exchange provisions of such Parity Stock or the securities being converted or exchanged, (vi) the purchase of Parity Stock by Wells Fargo Securities, LLC, or any other affiliate of the Corporation, in connection with the distribution thereof or (vii) the purchase of Parity Stock by Wells Fargo Securities, LLC, or any other affiliate of the Corporation, in connection with market-making or other secondary market activities in the ordinary course of business),

unless, in each case, the full dividends for the then-current Dividend Period on all outstanding shares of the Series Y Preferred Stock have been declared and paid or declared and a sum sufficient for the payment of those dividends has been set aside.

Subject to the succeeding sentence, for so long as any shares of Series Y Preferred Stock remain outstanding, no dividends shall be declared, paid, or set aside for payment on any Parity Stock for any period unless full dividends on all outstanding shares of Series Y Preferred Stock for the then-current Dividend Period have been paid in full or declared and a sum sufficient for the payment thereof set aside. To the extent the Corporation declares dividends on the Series Y Preferred Stock and on any Parity Stock but cannot make full payment of those declared dividends, the Corporation will allocate the dividend payments on a proportional basis among the holders of shares of Series Y Preferred Stock and the holders of any Parity Stock then outstanding where the terms of such Parity Stock provide similar dividend rights.

Subject to the foregoing, and not otherwise, such dividends (payable in cash, stock or otherwise) as may be determined by the Board of Directors of the Corporation or any duly authorized committee of the Board of Directors of the Corporation may be declared and paid on the Common Stock and any other stock that is Parity Stock or Junior Stock, from time to time out of any assets legally available for such payment, and the shares of Series Y Preferred Stock shall not be entitled to participate in any such dividends.

**Section 5. Liquidation Rights.**

**(a) Liquidation**. In the event of any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation, holders of Series Y Preferred Stock shall be entitled to receive in full out of assets available for distribution to its stockholders before any distribution or payment out of the assets of the Corporation may be made to or set aside for the holders of the Common Stock or any other Junior Stock, and subject to the rights of the holders of Parity Stock or any stock of the Corporation ranking senior to the Series Y Preferred Stock as to such distribution, a liquidating distribution in the amount of $25,000 per share, plus an amount equal to any dividends which have been declared but not yet paid, without accumulation of any undeclared dividends, to the date of liquidation (the "*Liquidation Preference*"). The holders of Series Y Preferred Stock shall not be entitled to any further payments in the event of any such voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation other than what is expressly provided for in this Section 5.

**(b) Partial Payment**. If the assets of the Corporation are not sufficient to pay in full the Liquidation Preference to all holders of Series Y Preferred Stock and all holders of any Parity Stock, the amounts paid to the holders of Series Y Preferred Stock and to the holders of all Parity Stock shall be *pro rata* in accordance with the respective aggregate liquidation preference of Series Y Preferred Stock and all such Parity Stock.

**(c) Residual Distributions**. If the Liquidation Preference has been paid in full to all holders of Series Y Preferred Stock and all other amounts payable upon liquidation, dissolution or winding up of the Corporation have been paid in full to all holders of any Parity Stock, the holders of Common Stock and any other Junior Stock shall be entitled to receive all remaining assets of the Corporation according to their respective rights and preferences.

**(d) Merger, Consolidation and Sale of Assets Not Liquidation**. For purposes of this Section 5, the sale, conveyance, exchange or transfer (for cash, shares of stock, securities or other consideration) of all or substantially all of the property and assets of the Corporation shall not be deemed a voluntary or involuntary dissolution, liquidation or winding up of the affairs of the Corporation, nor shall the merger, consolidation or any other business combination transaction of the Corporation into or with any other corporation or person or the merger, consolidation or any other business combination transaction of any other corporation or person into or with the Corporation be deemed to be a voluntary or involuntary dissolution, liquidation or winding up of the affairs of the Corporation.

**Section 6. Redemption.**

**(a) Optional Redemption**. The Corporation, at the option of its Board of Directors or any duly authorized committee of the Board of Directors of the Corporation, may redeem, subject to the prior approval of the Federal Reserve Board, out of funds legally available therefor, in whole or in part, the shares of Series Y Preferred Stock at the time outstanding, at any time on any Dividend Payment Date on or after June 15, 2022, upon notice given as provided in Section 6(b) below. The redemption price for shares of Series Y Preferred Stock

shall be $25,000 per share plus an amount equal to any dividends that have been declared but not paid up to the redemption date without accumulation of any undeclared dividends.

Notwithstanding the foregoing, within 90 days of the Corporation's good faith determination that a Regulatory Capital Treatment Event has occurred, the Corporation, at the option of its Board of Directors or any duly authorized committee of the Board of Directors of the Corporation, may, subject to the approval of the appropriate federal banking agency, redeem out of funds legally available therefor, in whole, but not in part, the shares of Series Y Preferred Stock at the time outstanding, prior to June 15, 2022, upon notice given as provided in Section 6(b) below. The redemption price for shares of Series Y Preferred Stock shall be $25,000 per share plus an amount equal to any dividends that have been declared but not paid, without accumulation of any undeclared dividends.

**(b) Notice of Redemption**. Notice of every redemption of shares of Series Y Preferred Stock shall be mailed by first class mail, postage prepaid, addressed to the holders of record of such shares to be redeemed at their respective last addresses appearing on the stock register of the Corporation. Such mailing shall be at least 40 days and not more than 70 days before the date fixed for redemption. Any notice mailed as provided in this Section 6(b) shall be conclusively presumed to have been duly given, whether or not the holder receives such notice, but failure duly to give such notice by mail, or any defect in such notice or in the mailing thereof, to any holder of shares of Series Y Preferred Stock designated for redemption shall not affect the validity of the proceedings for the redemption of any other shares of Series Y Preferred Stock. Each notice shall state (i) the redemption date; (ii) the number of shares of Series Y Preferred Stock to be redeemed and, if fewer than all the shares held by such holder are to be redeemed, if applicable, the number of such shares to be redeemed from such holder; (iii) the redemption price; (iv) the place or places where the certificates for those shares are to be surrendered for payment of the redemption price; and (v) that dividends on the shares to be redeemed will cease to accrue on the redemption date. Notwithstanding the foregoing, if the Series Y Preferred Stock is held in book-entry form through DTC, the Corporation may give such notice in any manner permitted by DTC.

**(c) Partial Redemption**. In case of any redemption of only part of the shares of Series Y Preferred Stock at the time outstanding, the shares of Series Y Preferred Stock to be redeemed shall be selected either *pro rata* from the holders of record of Series Y Preferred Stock in proportion to the number of Series Y Preferred Stock held by such holders or in such other manner consistent with the rules and policies of the New York Stock Exchange as the Board of Directors of the Corporation or any duly authorized committee of the Board of Directors of the Corporation may determine to be fair and equitable. Subject to the provisions of this Section 6, the Board of Directors of the Corporation or any duly authorized committee of the Board of Directors shall have full power and authority to prescribe the terms and conditions upon which shares of Series Y Preferred Stock shall be redeemed from time to time.

**(d) Effectiveness of Redemption**. If notice of redemption has been duly given and if on or before the redemption date specified in the notice all funds necessary for the redemption have been irrevocably set aside by the Corporation, separate and apart from its other assets, in

trust for the *pro rata* benefit of the holders of the shares called for redemption, so as to be and continue to be available therefor, or deposited by the Corporation with a bank or trust company selected by the Board of Directors of the Corporation or any duly authorized committee of the Board of Directors (the "*Depositary Company*") in trust for the *pro rata* benefit of the holders of the shares called for redemption, then, notwithstanding that any certificate for any share so called for redemption has not been surrendered for cancellation, on and after the redemption date all shares so called for redemption shall cease to be outstanding, all dividends with respect to such shares shall cease to accrue after such redemption date, and all rights with respect to such shares shall forthwith on such redemption date cease and terminate, except only the right of the holders thereof to receive the amount payable on such redemption from the Depository Company at any time after the redemption date from the funds so deposited, without interest. The Corporation shall be entitled to receive, from time to time, from the Depositary Company any interest accrued on such funds, and the holders of any shares called for redemption shall have no claim to any such interest. Any funds so deposited and unclaimed at the end of two years from the redemption date shall, to the extent permitted by law, be released or repaid to the Corporation, after which time the holders of the shares so called for redemption shall look only to the Corporation for payment of the redemption price of such shares.

**Section 7. Voting Rights.**

**(a) General.** The holders of Series Y Preferred Stock shall not be entitled to vote on any matter except as set forth in paragraph 7(b) below or as required by applicable law.

**(b) Right To Elect Two Directors Upon Nonpayment Events.** Whenever dividends payable on any shares of Series Y Preferred Stock or any class or series of Voting Parity Stock have not been declared and paid in an aggregate amount equal to, as to any class or series, at least six quarterly Dividend Periods or their equivalent, whether or not for consecutive Dividend Periods (a "*Nonpayment Event*"), the holders of the outstanding Series Y Preferred Stock, voting together as a class with holders of Voting Parity Stock whose voting rights are exercisable, will be entitled to vote for the election of two additional directors of the Corporation's Board of Directors at the Corporation's next annual meeting of stockholders and at each subsequent annual meeting of stockholders (the "*Preferred Stock Directors*") by a plurality of the votes cast; *provided* that the Board of Directors shall at no time include more than two Preferred Stock Directors (including, for purposes of this limitation, all directors that the holders of any series of Voting Parity Stock are entitled to elect pursuant to like voting rights). Upon the vesting of such right of such holders, the maximum authorized number of members of the Board of Directors shall automatically be increased by two and the two vacancies so created shall be filled by vote of the holders of the outstanding Series Y Preferred Stock (together with the holders of shares of any one or more other series of Voting Parity Stock). At elections for such directors, each holder of the Series Y Preferred Stock shall be entitled to 25 votes for each share held (the holders of shares of any other series of Voting Parity Stock being entitled to such number of votes, if any, for each share of such stock as may be granted to them). The right of the holders of the Series Y Preferred Stock (voting together as a class with the holders of shares of any one or more other series of Voting Parity Stock) to elect Preferred Stock Directors shall continue until such time as the Corporation has paid in full dividends for the equivalent of at least four quarterly Dividend

Periods or their equivalent, at which time such right with respect to the Series Y Preferred Stock shall terminate, except as provided by law, and subject to revesting in the event of each and every subsequent default of the character described in this Section 7(b).

Upon any termination of the right of the holders of all shares of Series Y Preferred Stock and Voting Parity Stock to vote for Preferred Stock Directors, the term of office of all Preferred Stock Directors then in office elected by only those holders voting as a class shall terminate immediately. Any Preferred Stock Director may be removed at any time without cause by the holders of a majority of the outstanding shares of Series Y Preferred Stock and Voting Parity Stock, when they have the voting rights described above (voting together as a class). In case any vacancy shall occur among the Preferred Stock Directors, a successor may be elected by a plurality of the votes cast by the holders of Series Y Preferred Stock and Voting Parity Stock having the voting rights described above, voting together as a class, unless the vacancy has already been filled. The Preferred Stock Directors shall each be entitled to one vote per director on any matter that shall come before the Board of Directors for a vote. Whenever the term of office of the directors elected by such holders voting as a class shall end and the special voting powers vested in such holders as provided in this Section 7(b) shall have expired, the number of directors shall be such number as may be provided for in the By-Laws irrespective of any increase made pursuant to this Section 7(b).

**(c) Other Voting Rights**. In addition to any other vote required by law or the Restated Certificate of Incorporation, so long as any shares of the Series Y Preferred Stock remain outstanding, the vote or consent of the holders of the outstanding shares of Series Y Preferred Stock and outstanding shares of all other series of Voting Parity Stock entitled to vote on the matter, by a vote of at least 66 2/3% in voting power of all such outstanding Series Y Preferred Stock and such Voting Parity Stock, voting together as a class, given in person or by proxy, either in writing without a meeting or at any meeting called for the purpose, shall be necessary to permit, effect or validate any one or more of the following actions, whether or not such approval is required by Delaware law: (i) the issuance of any class or series of Preferred Stock or Preference Stock ranking senior to the Series Y Preferred Stock in the payment of dividends or the distribution of assets in the event of the Corporation's voluntary or involuntary liquidation, dissolution or winding up; (ii) any amendment, alteration or repeal of any provision of the Restated Certificate of Incorporation, including the Certificate of Designation, or the By-laws that would adversely affect the rights, preferences, privileges or voting powers of the Series Y Preferred Stock; (iii) any amendment or alteration of the Restated Certificate of Incorporation, including the Certificate of Designation, or By-laws to authorize, create, or increase the authorized amount of, any shares of, or any securities convertible into shares of, any class or series of the Corporation's capital stock ranking senior to the Series Y Preferred Stock with respect to either the payment of dividends or in the distribution of assets in the event of the Corporation's voluntary or involuntary liquidation, dissolution or winding up; or (iv) any consummation of a reclassification involving the Series Y Preferred Stock or a merger or consolidation with another corporation or other entity, except holders of the Series Y Preferred Stock will have no right to vote under this Section 7(c)(iv) if in each case (a) the shares of Series Y Preferred Stock remain outstanding or, in the case of any such merger or consolidation with respect to which the Corporation is not the surviving or resulting entity, are converted into

or exchanged for preference securities of the surviving or resulting entity or its ultimate parent, and (b) such shares of Series Y Preferred Stock remaining outstanding or such preference

securities, as the case may be, have such rights, preferences, privileges and voting powers, taken as a whole, as are not materially less favorable to the holders thereof than the rights, preferences, privileges and voting powers of the Series Y Preferred Stock, taken as a whole; *provided, however*, that any authorization, creation or increase in the authorized amount of or issuance of the Series Y Preferred Stock or any Parity Stock or Junior Stock or any securities convertible into any class or series of Parity Stock (whether dividends payable in respect of such Parity Stock are cumulative or non-cumulative) or Junior Stock will be deemed not to adversely affect the rights, preferences, privileges or voting powers of the Series Y Preferred Stock, and holders of the Series Y Preferred Stock shall have no right to vote thereon.

If any amendment, alteration, repeal, reclassification, merger or consolidation specified in this Section 7(c) would adversely affect one or more but not all series of voting Preferred Stock (including the Series Y Preferred Stock), then only those series affected by and entitled to vote on the matter shall vote on the matter together as a class (in lieu of all other series of Preferred Stock).

Each holder of the Series Y Preferred Stock will have 25 votes per share on any matter on which holders of the Series Y Preferred Stock are entitled to vote, whether separately or together with any other series of stock of the Corporation (the holders of any shares of any other series of stock being entitled to such number of votes, if any, for each share of stock as may be granted to them), pursuant to Delaware law or otherwise, including by written consent.

**(d) Changes after Provision for Redemption**. No vote or consent of the holders of Series Y Preferred Stock shall be required pursuant to Section 7(b) or (c) above if, at or prior to the time when any such vote or consent would otherwise be required pursuant to such Section, all outstanding Series Y Preferred Stock shall have been redeemed, or notice of redemption has been given and sufficient funds shall have been irrevocably deposited in trust to effect such redemption.

**(e) Procedures for Voting and Consents.** The rules and procedures for calling and conducting any meeting of the holders of Series Y Preferred Stock (including, without limitation, the fixing of a record date in connection therewith), the solicitation and use of proxies at such a meeting, the obtaining of written consents and any other aspect or matter with regard to such a meeting or such consents shall be governed by any rules the Board of Directors, in its discretion, may adopt from time to time, which rules and procedures shall conform to the requirements of the Restated Certificate of Incorporation, the By-laws, applicable law and any national securities exchange or other trading facility in which the Series Y Preferred Stock is listed or traded at the time.

**Section 8. Preemption and Conversion**. The holders of Series Y Preferred Stock shall not have any rights of preemption or rights to convert such Series Y Preferred Stock into shares of any other class of capital stock of the Corporation.

**Section 9. Reacquired Shares**. Shares of Series Y Preferred Stock which have been issued and redeemed or otherwise purchased or acquired by the Corporation shall be restored to the status of authorized but unissued shares of Preferred Stock without designation as to series.

**Section 10. No Sinking Fund**. Shares of Series Y Preferred Stock are not subject to the operation of a sinking fund.

**Section 11. Additional Classes or Series of Stock**. Notwithstanding anything set forth in the Restated Certificate of Incorporation or this Certificate of Designation to the contrary, the Board of Directors of the Corporation, or any authorized committee of the Board of Directors of the Corporation, (i) without the vote of the holders of the Series Y Preferred Stock, may authorize and issue additional shares of Junior Stock and Parity Stock and (ii) with the requisite vote of the holders of the Series Y Preferred Stock and Parity Stock entitled to vote thereon, may authorize and issue any additional class or series of Preferred Stock or Preference Stock senior to the Series Y Preferred Stock as to the payment of dividends and/or the distribution of assets upon any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation.

*[Signature Page Follows]*

**In Witness Whereof, Wells Fargo & Company** has caused this Certificate of Designation to be signed by Barbara S. Brett, its Senior Vice President and Assistant Treasurer, and Jeannine E. Zahn, its Assistant Secretary, this 21st day of April, 2017.

**Wells Fargo & Company**

By: /s/ Barbara S. Brett
Barbara S. Brett, Senior Vice President and Assistant Treasurer

/s/ Jeannine E. Zahn
Jeannine E. Zahn, Assistant Secretary

[As filed with the Delaware Secretary of State on April 27, 2017]

WELLS FARGO & COMPANY

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CERTIFICATE OF DESIGNATION
Pursuant to Section 151 of the
General Corporation Law of the State of Delaware

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2018 ESOP CUMULATIVE CONVERTIBLE PREFERRED STOCK
(Without Par Value)

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WELLS FARGO & COMPANY, a corporation organized and existing under the laws of the State of Delaware (the "Company"), HEREBY CERTIFIES that, pursuant to authority conferred upon the Board of Directors of the Company (the "Board") by the provisions of the Restated Certificate of Incorporation of the Company, as amended, which authorize the issuance of not more than 20,000,000 shares of Preferred Stock, without par value (the "Preferred Stock"), and pursuant to authority conferred upon the ESOP Preferred Stock Committee I of the Board (the "ESOP Committee") in accordance with Section 141(c) of the General Corporation Law of the State of Delaware (the "General Corporation Law") and by the resolutions of the Board set forth herein, the following resolutions were duly adopted by the Board at meetings of the Board duly held on January 25, 2000, January 27, 2009, and October 12, 2016, and by the ESOP Committee pursuant to the written consent of the ESOP Committee duly adopted on January 23, 2018, in accordance with Section 141(f) of the General Corporation Law:

1. On January 25, 2000, the Board adopted the following resolution (the "ESOP Board Resolutions") appointing the ESOP Committee and delegating to the ESOP Committee the full powers of the Board, subject to the ESOP Board Resolutions, in all matters relating to issuance of one or more series of Preferred Stock ("ESOP Preferred Stock") to the trustee on behalf of the Company's 401(k) Plan hereinafter referred to:

RESOLVED that a committee of one member of the Board of the Company is hereby appointed by the Board as the ESOP Preferred Stock Committee I (the "First Committee"), which shall have and may exercise the full powers of the Board, subject to these resolutions, to issue from time to time one or more series of ESOP Preferred Stock, including any shares of Company common stock ($1 2/3 par value) issuable upon conversion of ESOP Preferred Stock, and in connection therewith, to fix the designations, voting powers, preferences, and all other rights, qualifications and restrictions of such ESOP Preferred Stock, to sell such ESOP Preferred Stock to the Plan on such terms and conditions and for such purchase price as the First Committee in its discretion shall approve, and to take any and all actions as the First Committee shall deem necessary or appropriate.

2. On January 27, 2009, the Board adopted the following resolutions (the "January 2009 Resolutions") amending the ESOP Board Resolutions to allow the ESOP Committee to establish the voting rights of any series of ESOP Preferred Stock:

RESOLVED that the resolution set forth in the ESOP Board Resolutions under the caption "Voting Rights of ESOP Preferred Stock" is hereby deleted in its entirety.

RESOLVED that the ESOP Board Resolutions are hereby further amended to delete "Appendix A - Voting Rights" in its entirety.

3. Pursuant to resolutions adopted on October 12, 2016, the Board designated Timothy J. Sloan as the sole member of the ESOP Committee, effective October 12, 2016.

4. On January 23, 2018, pursuant to authority conferred upon it by the Board in the ESOP Board Resolutions as amended by the January 2009 Resolutions, the ESOP Committee adopted the following resolution by written consent in accordance with Section 141(f) of the General Corporation Law:

RESOLVED that the issuance of a series of Preferred Stock, without par value, of the Company is hereby authorized and the designation, voting powers, preferences, and relative, participating, optional, and other special rights, and qualifications, limitations and restrictions thereof, in addition to those set forth in the Restated Certificate of Incorporation of the Company, as amended, are hereby fixed as follows:

2018 ESOP CUMULATIVE CONVERTIBLE PREFERRED STOCK

1. Designation and Number of Shares; Restricted Issue.

(a) The designation of the series of Preferred Stock, without par value, provided for herein shall be "2018 ESOP Cumulative Convertible Preferred Stock" (hereinafter referred to as the "2018 ESOP Preferred Stock") and the number of authorized shares constituting the 2018 ESOP Preferred Stock is 1,100,000, based on an offering price for the 2018 ESOP Preferred Stock of $1,039.00 per share. Each share of 2018 ESOP Preferred Stock shall have a stated value of $1,000.00 per share. The number of authorized shares of 2018 ESOP Preferred Stock may be reduced by further resolution duly adopted by the Board or the Securities Committee and by the filing of a certificate pursuant to the provisions of the General Corporation Law of the State of Delaware stating that such reduction has been so authorized, provided, however, that the authorized number of shares of 2018 ESOP Preferred Stock shall not be decreased below the then outstanding number of such shares, and provided further that the number of authorized shares of 2018 ESOP Preferred Stock shall not be increased. All shares of the 2018 ESOP Preferred Stock purchased, redeemed, or converted by the Company shall be retired and canceled and shall be restored to the status of authorized but unissued shares of Preferred Stock, without designation as to series, and may thereafter be issued, but not as shares of 2018 ESOP Preferred Stock.

(b) Shares of 2018 ESOP Preferred Stock shall be issued only to a trustee (the "Trustee") acting on behalf of the Wells Fargo & Company 401(k) Plan, or any successor to such plan (the "Plan"). All references to the holder of shares of 2018 ESOP Preferred Stock shall mean the Trustee or any company with which or into which the Trustee may merge or any successor trustee under the trust agreement with respect to the Plan. In the event of any transfer of record ownership of shares of 2018 ESOP Preferred Stock to any person other than any successor trustee under the Plan, the shares of 2018 ESOP Preferred Stock so transferred, upon such transfer and without any further action by the Company or the holder thereof, shall be automatically converted into shares of the common stock, par value $1-2/3 per share, of the Company (the "Common Stock") on the terms otherwise provided for the conversion of the shares of 2018 ESOP Preferred Stock into shares of Common Stock pursuant to paragraph (a) of Section 4 hereof, and no such transferee shall have any of the voting powers, preferences, and relative, participating, optional or special rights ascribed to shares of 2018 ESOP Preferred Stock hereunder but, rather, only the powers and rights pertaining to the Common Stock into which such shares of 2018 ESOP Preferred Stock shall be so converted. In the event of such a conversion, the transferee of the shares of 2018 ESOP Preferred Stock shall be treated for all purposes as the record holder of the shares of Common Stock into which such shares of 2018 ESOP Preferred Stock have been automatically converted as of the date of such transfer. Shares of 2018 ESOP Preferred Stock may be certificated or uncertificated, at the Company's option. Certificates representing shares of 2018 ESOP Preferred Stock shall bear a legend to reflect the foregoing provisions. In the case of uncertificated 2018 ESOP Preferred Stock, the transfer agent for the 2018 ESOP Preferred Stock shall note the foregoing provisions on each 2018 ESOP Preferred Stock book entry account. The Company may require that, as a condition to transferring record ownership of any uncertificated 2018 ESOP Preferred Stock, the proposed transferee acknowledge in writing that the shares of 2018 ESOP Preferred Stock are subject to the foregoing provisions. Notwithstanding the foregoing provisions of this paragraph (b) of Section 1, shares of 2018 ESOP Preferred Stock (i)(A) shall be converted into shares of Common Stock as provided in paragraph (a) of Section 4 hereof, and (B) may be converted into shares of Common Stock as provided by paragraph (b) of Section 4 hereof and the shares of Common Stock issued upon such conversion may be transferred by the holder thereof as permitted by law and (ii) shall be redeemable by the Company upon the terms and conditions provided in Sections 5 and 6(c) hereof.

2. Voting Rights. No shares of 2018 ESOP Preferred Stock shall have voting rights except such voting rights as may from time to time be required by law and as set forth in this Section 2, as follows:

(a) Whenever, at any time or times, dividends payable on shares of 2018 ESOP Preferred Stock shall be in arrears for such number of dividend periods which shall in the aggregate contain not less than 540 days, the holders of the outstanding shares of 2018 ESOP Preferred Stock shall have the exclusive right, voting together as a class with holders of shares of any one or more series of Voting Parity Stock, as defined in paragraph (e) of this Section 2,whose voting rights are exercisable, to elect two directors of the Company's Board at the Company's next annual meeting of stockholders and at each subsequent annual meeting of stockholders (the

"Preferred Stock Directors") by a plurality of the votes cast; provided that the Board of Directors shall at no time include more than two Preferred Stock Directors (including, for purposes of this limitation, all directors that the holders of any series of Voting Parity Stock are entitled to elect pursuant to like voting rights). At elections for such directors, each holder of the shares of 2018 ESOP Preferred Stock shall be entitled to one vote for each share held (the holders of shares of any series of Voting Parity Stock being entitled to such number of votes, if any, for each share of Preferred Stock held as may be granted to them). Upon the vesting of such right of such holders, the maximum authorized number of members of the Board shall automatically be increased by two and the two vacancies so created shall be filled by vote of the holders of such outstanding shares of 2018 ESOP Preferred Stock (together with the holders of shares of any one or more series of Voting Parity Stock whose voting rights are exercisable) as herein set forth. The right of such holders of such shares of 2018 ESOP Preferred Stock (voting together as a class with the holders of shares of any one or more series of Voting Parity Stock whose voting rights are exercisable) to elect Preferred Stock Directors as aforesaid shall continue until such time as all dividends accumulated on such shares of 2018 ESOP Preferred Stock shall have been paid in full, at which time such right with respect to such shares of 2018 ESOP Preferred Stock shall terminate, except as herein or by law expressly provided, subject to revesting in the event of each and every subsequent default of the character above mentioned.

(b) Upon any termination of the right of the holders of all shares of 2018 ESOP Preferred Stock and Voting Parity Stock entitled to vote for Preferred Stock Directors, the term of office of all Preferred Stock Directors then in office elected by such holders voting as a class shall terminate immediately. Any Preferred Stock Director may be removed at any time without cause by the holders of a majority of the outstanding shares of 2018 ESOP Preferred Stock and Voting Parity Stock, when they have the voting rights described above (voting together as a class). In case any vacancy shall occur among the Preferred Stock Directors, a successor may be elected by a plurality of the votes cast by the holders of 2018 ESOP Preferred Stock and Voting Parity Stock having the voting rights described above, voting together as a class, unless the vacancy has already been filled. The Preferred Stock Directors shall each be entitled to one vote per director on any matter that shall come before the Board of Directors for a vote. Whenever the term of office of the directors elected by such holders voting as a class shall end and the special voting powers vested in such holders as provided in this resolution shall have expired, the number of directors shall be such number as may be provided for in the By-Laws of the Company irrespective of any increase made pursuant to the provisions of this Section 2(b).

(c) In addition to any other vote required by law or the Restated Certificate of Incorporation, so long as any shares of 2018 ESOP Preferred Stock remain outstanding, the vote or consent of the holders of the outstanding shares of 2018 ESOP Preferred Stock and outstanding shares of all series of Voting Parity Stock entitled to vote on the matter, by a vote of at least two-thirds in voting power of all such outstanding shares of 2018 ESOP Preferred Stock and such series of Voting Parity Stock voting together as a class, given in person or by proxy, either in writing or at any special or annual meeting called for the purpose, shall be necessary to permit, effect or validate any one or more of the following whether or not such approval is required by Delaware law:

(i) the authorization, creation or issuance, or any increase in the authorized or issued amount, of any class or series of stock ranking prior to shares of 2018 ESOP Preferred Stock with respect to payment of dividends or the distribution of assets on the Company's voluntary or involuntary liquidation, dissolution or winding up, or

(ii) the amendment, alteration or repeal, whether by merger, consolidation or otherwise, of any of the provisions of the Restated Certificate of Incorporation or of the resolutions set forth in a Certificate of Designation designating shares of 2018 ESOP Preferred Stock and the preferences, powers and relative, participating, optional and other special rights and qualifications, limitations and restrictions thereof which would materially and adversely affect any right, preference, privilege or voting power of the shares of 2018 ESOP Preferred Stock or of the holders thereof; provided, however, that any increase in the amount of authorized Preferred Stock, or the creation and issuance of other series of Preferred Stock, or any increase in the amount of authorized shares of any series of Preferred Stock, in each case ranking on a parity with or junior to the shares of 2018 ESOP Preferred Stock with respect to the payment of dividends and the distribution of assets upon liquidation, dissolution or winding up, shall not be deemed to materially and adversely affect such rights, preferences, privileges or voting powers.

(d) The foregoing voting provisions shall not apply if, at or prior to the time when the act with respect to which such vote would otherwise be required shall be effected, all outstanding shares of 2018 ESOP Preferred Stock shall have been redeemed or sufficient funds shall have been irrevocably deposited in trust to effect such redemption.

(e) As used in this Section 2, "Voting Parity Stock" means any other class or series of stock of the Company now existing or hereafter authorized that ranks on par with the 2018 ESOP Preferred Stock in the payment of dividends (whether such dividends are cumulative or non-cumulative) or in the distribution of assets in the event of any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Company and having similar voting rights as the 2018 ESOP Preferred Stock.

3. Dividends. (a)(i) Holders of shares of 2018 ESOP Preferred Stock will be entitled to receive, when and as declared by the Board or a duly authorized committee thereof, out of assets of the Company legally available for payment, an annual cash dividend of $70.00 (the "Base Dividend") per share, which Base Dividend shall be subject to adjustment from time to time as provided in this Section 3.

(ii) The Base Dividend shall be adjusted, effective on December 1, 2019 and on each December 1 thereafter until December 1, 2026, as follows:

(1) If the Current Market Price (as hereinafter defined) of one share of Common Stock on November 30 (or the next preceding Trading Day (as hereinafter defined) if November 30 is not a Trading Day) of any year listed in the Dividend Adjustment Table below is equal to or greater than the First Target Price but less than the Second Target Price shown opposite that year in such table, then holders of shares of the 2018 ESOP Preferred Stock will be entitled to receive a cash dividend for

the immediately following twelve month period equal to $75.00 per share (the "First Adjusted Dividend").

(2) If the Current Market Price of one share of Common Stock on November 30 (or the next preceding Trading Day if November 30 is not a Trading Day) of any year listed in the Dividend Adjustment Table below is equal to or greater than the Second Target Price shown opposite that year in such table, then holders of shares of 2018 ESOP Preferred Stock will be entitled to receive a cash dividend for the immediately following twelve month period equal to $80.00 per share (the "Second Adjusted Dividend").

(3) If the Current Market Price of one share of Common Stock on November 30 (or next preceding Trading Day if November 30 is not a Trading Day) of any year listed in the Dividend Adjustment Table below is less than the First Target Price shown opposite that year in such table, then the holders of shares of 2018 ESOP Preferred Stock will be entitled to receive a cash dividend for the immediately following twelve month period equal to the Base Dividend.

**Dividend Adjustment Table**

| Closing Price on 11/30 | First Target Price | Second Target Price |
|---|---|---|
| 2019 | $70.95 | $75.35 |
| 2020 | $75.92 | $83.26 |
| 2021 | $81.23 | $92.00 |
| 2022 | $86.92 | $101.66 |
| 2023 | $93.00 | $112.33 |
| 2024 | $99.51 | $124.13 |
| 2025 | $106.48 | $137.16 |
| 2026 | $113.93 | $151.57 |

(4) As an example of the adjustments described in subparagraphs (1) through (3) above, if on November 30, 2019, the Current Market Price of one share of Common Stock is $73.00, then the cash dividend payable for the immediately following twelve month period per share of 2018 ESOP Preferred Stock would equal $75.00, with the first quarterly payment of such $75.00 dividend to be made on March 1, 2020. If on November 30, 2020, the Current Market Price of one share of Common Stock is $84.00, then the cash dividend payable for the immediately following twelve month period per share of 2018 ESOP Preferred Stock would equal $80.00, with the first quarterly payment of such $80.00 dividend to be made on March 1, 2021. If on November 30, 2021, the Current Market Price of one share of Common Stock is $78.00, then the cash dividend payable for the immediately following twelve month period per share of 2018 ESOP

Preferred Stock would equal $70.00, with the first quarterly payment of such $70.00 dividend to be made on March 1, 2022.

(5) For purposes of this Section 3, the terms "First Adjusted Dividend" and "Second Adjusted Dividend" are sometimes referred to as an "Adjusted Dividend;" the term "Current Market Price" shall have the meaning given to it in Section 4(c)(iv); and the term "Trading Day" shall have the meaning given to it in Section 4(c)(vi).

(iii) If one share of Common Stock in any year listed in the Dividend Adjustment Table shall be changed into a different number of shares or a different class of shares by reason of any reclassification, recapitalization, split-up, combination, exchange of shares or readjustment, or if a stock dividend thereon shall be declared with a record date within such period, then the First Target Price and the Second Target Price listed in such table for that year and each subsequent year will be appropriately and proportionately adjusted.

(iv) Dividends payable on shares of the 2018 ESOP Preferred Stock (whether such dividends are equal to the Base Dividend or to an Adjusted Dividend) shall be payable quarterly on March 1, June 1, September 1, and December 1 of each year, commencing June 1, 2018. Dividends on shares of the 2018 ESOP Preferred Stock will be cumulative from the date of initial issuance of such shares of 2018 ESOP Preferred Stock. Dividends will be payable, in arrears, to holders of record as they appear on the stock books of the Company on such record dates, not more than 30 days nor less than 15 days preceding the payment dates thereof, as shall be fixed by the Board or a duly authorized committee thereof. The amount of dividends payable per share for each dividend period shall be computed by dividing by four the Base Dividend or the Adjusted Dividend, whichever is then applicable. The amount of dividends payable for the initial dividend period or any period shorter than a full dividend period shall be calculated on the basis of actual days elapsed in a 360-day year of twelve 30-day months.

(b)(i) No full dividends shall be declared or paid or set apart for payment on any stock of the Company ranking, as to dividends, on a parity with or junior to the 2018 ESOP Preferred Stock for any period unless full cumulative dividends have been or contemporaneously are declared and paid or declared and a sum sufficient for the payment thereof has been set apart for such payment on shares of 2018 ESOP Preferred Stock for all dividend payment periods terminating on or prior to the date of payment of such full cumulative dividends. When dividends are not paid in full, as aforesaid, upon the shares of 2018 ESOP Preferred Stock and any other series of Preferred Stock ranking on a parity as to dividends with 2018 ESOP Preferred Stock, all dividends declared upon shares of 2018 ESOP Preferred Stock and any other series of Preferred Stock ranking on a parity as to dividends with 2018 ESOP Preferred Stock shall be declared pro rata so that the amount of dividends declared per share on 2018 ESOP Preferred Stock and such other series of Preferred Stock shall in all cases bear to each other the same ratio that accrued dividends per share on the shares of 2018 ESOP Preferred Stock and such other series of Preferred Stock bear to each other. Holders of shares of 2018 ESOP Preferred Stock shall not be entitled to any dividend, whether payable in cash, property, or stock, in excess of full cumulative dividends, as herein provided, on 2018 ESOP Preferred Stock. No interest, or sum of

money in lieu of interest, shall be payable in respect of any dividend payment or payments on 2018 ESOP Preferred Stock which may be in arrears.

(ii) So long as any shares of 2018 ESOP Preferred Stock are outstanding, no dividend (other than dividends or distributions paid in shares of, or options, warrants, or rights to subscribe for or purchase shares of, Common Stock or any other stock ranking junior to 2018 ESOP Preferred Stock as to dividends or upon liquidation and other than as provided in paragraph (b)(i) of this Section 3) shall be declared or paid or set aside for payment or other distribution declared or made upon Common Stock or any other capital stock of the Company ranking junior to or on a parity with 2018 ESOP Preferred Stock as to dividends or upon liquidation, nor shall any Common Stock or any other capital stock of the Company ranking junior to or on a parity with 2018 ESOP Preferred Stock as to dividends or upon liquidation, dissolution or winding up be redeemed, purchased, or otherwise acquired for any consideration (or any moneys be paid to or made available for a sinking fund for the redemption of any shares of any such stock) by the Company (except by conversion into or exchange for stock of the Company ranking junior to 2018 ESOP Preferred Stock as to dividends or upon liquidation, dissolution or winding up), unless, in each case, the full cumulative dividends on all outstanding shares of 2018 ESOP Preferred Stock shall have been paid or declared and set aside for payment of the then current dividend payment period and all past dividend payment periods.

4. Conversion. Shares of 2018 ESOP Preferred Stock are convertible from time to time hereafter pursuant to the provisions of paragraphs (a) or (b) of this Section 4 into that number of shares of Common Stock determined by dividing the stated value of each share of 2018 ESOP Preferred Stock by the then applicable Conversion Price, (as determined in accordance with the provisions of paragraph (c)(iii) of this Section 4), as follows:

(a) Each share of 2018 ESOP Preferred Stock released from the unallocated reserve of the Plan in accordance with the terms thereof shall be automatically converted, without any further action by the Company or the holder thereof, as of the date such release occurs (the "Release Date"), into fully paid and nonassessable shares of Common Stock at the then applicable Conversion Price for the 2018 ESOP Preferred Stock provided for in paragraph (c) of this Section 4.

(b) Subject to and upon compliance with the provisions of this Section 4, a holder of 2018 ESOP Preferred Stock shall be entitled at any time, prior to the close of business on the date fixed for redemption of such shares pursuant to Sections 5 or 6 hereof, to cause any or all of the shares of 2018 ESOP Preferred Stock held by such holder to be converted into fully paid and nonassessable shares of Common Stock at the then applicable Conversion Price for 2018 ESOP Preferred Stock provided for in paragraph (c) of this Section 4.

(c) For purposes of these resolutions, the following terms shall have the meanings set forth below:

(i) The "Average Current Market Price" per share of Common Stock on any date shall be deemed to be the average of the Current Market Price for one share of Common

Stock for the twenty (20) consecutive Trading Days ending on the Trading Day occurring prior to the date the "Purchase Offer" is made (as that term is defined in Section 6(d) hereof).

(ii) A "Business Day" means each day that is not a Saturday, Sunday, or a day on which state or federally chartered banking institutions in the State of New York are not required to be open.

(iii) (A) For purposes of a mandatory conversion of shares of 2018 ESOP Preferred Stock into shares of Common Stock pursuant to the provisions of paragraph (a) of this Section 4, the "Conversion Price" for such shares of 2018 ESOP Preferred Stock shall be the Current Market Price of one share of Common Stock on the relevant Release Date.

(B) For purposes of an optional conversion of shares of 2018 ESOP Preferred Stock into shares of Common Stock pursuant to the provisions of paragraph (b) of this Section 4, the "Conversion Price" for such shares of 2018 ESOP Preferred Stock shall be the Current Market Price of one share of Common Stock on the date the Conversion Notice (as that term is defined in paragraph (d) of this Section 4) is received by the Company, by the transfer agent for the 2018 ESOP Preferred Stock or by any agent for conversion of the 2018 ESOP Preferred Stock designated as such pursuant to paragraph (d) of this Section 4.

(C) For purposes of a conversion of shares of 2018 ESOP Preferred Stock into shares of Common Stock in connection with a "Purchase Offer" (as defined in Section 6(d) hereof), the "Conversion Price" for such shares of 2018 ESOP Preferred Stock shall be the Average Current Market Price of one share of Common Stock.

Each share of 2018 ESOP Preferred Stock shall be valued at its stated value of $1,000.00 for purposes of computing, based on the applicable Conversion Price, the number of shares of Common Stock into which the shares of 2018 ESOP Preferred Stock will be converted.

(iv) The "Current Market Price" of publicly traded shares of Common Stock or any other class of capital stock or other security of the Company or any other issuer for any day shall mean the reported last sale price, regular way, or, in case no sale takes place on such day, the average of the reported closing bid and asked prices, regular way, in either case as reported on the New York Stock Exchange only or, if the Common Stock is not listed or admitted to trading on the New York Stock Exchange, on the principal national securities exchange on which the Common Stock is listed or admitted to trading or, if not listed or admitted to trading on any national securities exchange, on the National Market System of the National Association of Securities Dealers, Inc. Automated Quotations System ("NASDAQ") or, if the Common Stock is not quoted on such National Market System, the average of the closing bid and asked prices on such day in the over-the-counter market as reported by NASDAQ or, if bid and asked prices for the Common Stock on each such day shall not have been reported through NASDAQ, the average of the bid and asked prices for such day as furnished by any New York Stock Exchange member firm regularly making a market in the Common Stock selected for such purpose by the Board or a committee thereof or, if no such quotations are available, the fair market value of the Common Stock as determined by a New York Stock Exchange member firm regularly making a market in the Common Stock selected for such purpose by the Board or a committee thereof.

(v) "Common Stock" shall mean the Common Stock of the Company as the same exists at the date of this Certificate of Designation or as such stock may be constituted from time to time.

(vi) "Trading Day" with respect to Common Stock means (x) if the Common Stock is listed or admitted for trading on the New York Stock Exchange or another national securities exchange, a day on which the New York Stock Exchange or such other national securities exchange is open for business or (y) if the Common Stock is quoted on the National Market System of NASDAQ, a day on which trades may be made on such National Market System or (z) otherwise, any Business Day.

(d) In connection with any conversion of 2018 ESOP Preferred Stock pursuant to this Section 4, a written notice of conversion (the "Conversion Notice") shall be delivered to the Company at its principal executive office or the offices of the transfer agent for the 2018 ESOP Preferred Stock or such office or offices in the continental United States of an agent for conversion as may from time to time be designated by notice to the holders of the 2018 ESOP Preferred Stock by the Company or the transfer agent for the 2018 ESOP Preferred Stock, which Conversion Notice shall be accompanied by (a) in the case of certificated 2018 ESOP Preferred Stock, the certificate or certificates representing the shares of 2018 ESOP Preferred Stock being converted pursuant to this Section 4, duly assigned or endorsed for transfer to the Company (or accompanied by duly executed stock powers relating thereto) and (b) in the case of uncertificated 2018 ESOP Preferred Stock, duly executed assignment and transfer documents for the shares of 2018 ESOP Preferred Stock being converted pursuant to this Section 4. Each Conversion Notice shall specify (i)(y) in the case of a mandatory conversion pursuant to paragraph (a) of this Section 4, the number of shares of 2018 ESOP Preferred Stock released from the unallocated reserve of the Plan on the Release Date or (z) in the case of an optional conversion pursuant to paragraph (b) of this Section 4, the number of shares of 2018 ESOP Preferred Stock being converted, and (ii) in connection with any conversion hereunder, (x) the name or names in which such holder wishes the certificate or certificates for Common Stock and, in the case of certificated 2018 ESOP Preferred Stock, for any shares of 2018 ESOP Preferred Stock not to be so converted to be issued, (y) the address to which such holder wishes delivery to be made of such new certificates to be issued upon such conversion, and (z) such other information as the Company or its agents may reasonably request.

(e) Upon delivery to the Company or the transfer agent for the 2018 ESOP Preferred Stock of the Conversion Notice and all other documentation and certificates required to effect the conversion, as provided in paragraph (d) of this Section 4, the Company shall issue and send by hand delivery, by courier or by first-class mail (postage prepaid) to the holder thereof or to such holder's designee, at the address designated by such holder, a certificate or certificates for the number of shares of Common Stock to which such holder shall be entitled upon conversion. If there shall have been surrendered a certificate or certificates representing shares of 2018 ESOP Preferred Stock only part of which are to be converted, the Company shall issue and deliver to such holder or such holder's designee, in the manner set forth in the preceding sentence, a new certificate or certificates representing the number of shares of 2018 ESOP Preferred Stock which shall not have been converted.

(f) The issuance by the Company of shares of Common Stock upon a conversion of shares of 2018 ESOP Preferred Stock into shares of Common Stock made pursuant to this Section 4 shall be effective (i) in the case of a mandatory conversion of shares of 2018 ESOP Preferred Stock pursuant to paragraph (a) of this Section 4, as of the Release Date; and (ii) in the case of an optional conversion of such shares pursuant to paragraph (b) of this Section 4, as of the earlier of (A) the delivery to such holder or such holder's designee of the certificates representing the shares of Common Stock issued upon conversion thereof or (B) the commencement of business on the second Business Day after the delivery to the Company or the transfer agent for the 2018 ESOP Preferred Stock of the Conversion Notice and all other documentation and certificates required to effect the conversion, as provided in paragraph (d) of this Section 4. On and after the effective date of a conversion, the person or persons entitled to receive the Common Stock issuable upon such conversion shall be treated for all purposes as the record holder or holders of such shares of Common Stock, but no allowance or adjustment shall be made in respect of dividends payable to holders of Common Stock in respect of any period prior to such effective date. The Company shall not be obligated to pay any dividends which shall have accrued or have been declared and shall be payable to holders of shares of 2018 ESOP Preferred Stock if the date on which such dividends are paid is on or after the effective date of conversion of such shares.

(g) The Company shall not be obligated to deliver to holders of 2018 ESOP Preferred Stock any fractional share or shares of Common Stock issuable upon any conversion of such shares of 2018 ESOP Preferred Stock, but in lieu thereof may make a cash payment in respect thereof in any manner permitted by law.

(h) The Company shall at all times reserve and keep available out of its authorized and unissued Common Stock, solely for issuance upon the conversion of shares of 2018 ESOP Preferred Stock as herein provided, free from any preemptive rights, such number of shares of Common Stock as shall from time to time be issuable upon the conversion of all the shares of 2018 ESOP Preferred Stock then outstanding.

(i) The Company will use its best efforts to cause the listing of the shares of Common Stock required to be delivered upon conversion of the 2018 ESOP Preferred Stock prior to distribution to Plan participants on the national securities exchange, if any, upon which the outstanding Common Stock is listed at the time of such delivery.

(j) The Company will pay any and all documentary stamp or similar issue or transfer taxes payable in respect of the issue or delivery of shares of Common Stock on conversions of the 2018 ESOP Preferred Stock pursuant hereto; provided, however, that the Company shall not be required to pay any tax which may be payable in respect of any transfer involved in the issue or delivery of shares of Common Stock in a name other than that of the holder of the 2018 ESOP Preferred Stock to be converted and no such issue or delivery shall be made unless and until the person requesting such issue or delivery has paid to the Company the amount of any such tax or has established, to the satisfaction of the Company, that such tax has been paid.

5. Redemption At the Option of the Company. (a) The 2018 ESOP Preferred Stock shall be redeemable out of assets legally available therefor, in whole or in part, at the option of the Company at any time, at a redemption price per share of 2018 ESOP Preferred Stock equal to the higher of (x) $1,000.00 per share, plus an amount equal to all accrued and unpaid dividends thereon to the date fixed for redemption, and (y) the Fair Market Value (as that term is defined in paragraph (d) of this Section 5) per share of 2018 ESOP Preferred Stock on the date fixed for redemption. Payment of the redemption price shall be made by the Company in cash or shares of Common Stock, or a combination thereof, as permitted by paragraph (c) of this Section 5. From and after the date fixed for redemption, dividends on shares of 2018 ESOP Preferred Stock called for redemption will cease to accrue and all rights in respect of such shares of the Company shall cease, except the right to receive the redemption price. Upon payment of the redemption price, such shares shall be deemed to have been transferred to the Company, to be retired as provided in paragraph (a) of Section 1. If the full cumulative dividends have not been paid, or contemporaneously declared and set aside for payment, on all outstanding shares of 2018 ESOP Preferred Stock, the Company may not redeem fewer than all the outstanding shares of 2018 ESOP Preferred Stock pursuant to this Section 5.

(b) Unless otherwise required by law, notice of any redemption pursuant to this Section 5 will be sent to the holders of 2018 ESOP Preferred Stock at the address shown on the books of the Company or any transfer agent for the 2018 ESOP Preferred Stock by hand delivery, by courier, by standard form of telecommunication or by first-class mail (postage prepaid) delivered, sent or mailed, as the case may be, not less than twenty (20) days nor more than sixty (60) days prior to the redemption date. Each such notice shall state: (i) the redemption date; (ii) the total number of shares of the 2018 ESOP Preferred Stock to be redeemed and, if fewer than all the shares held by such holder are to be redeemed, the number of such shares to be redeemed from such holder; (iii) the redemption price; (iv) whether the redemption price shall be paid in cash or in shares of Common Stock, or in a combination of such Common Stock and cash; (v) in the case of certificated 2018 ESOP Preferred Stock the place or places where certificates for such shares are to be surrendered for payment of the redemption price; (vi) that dividends on the shares to be redeemed will cease to accrue on such redemption date; and (vii) the conversion rights of the shares to be redeemed, the period within which conversion rights may be exercised and the manner in which the number of shares of Common Stock issuable upon conversion of a share of 2018 ESOP Preferred Stock will be determined. The Company shall redeem shares so called for redemption and not previously converted at the date fixed for redemption and at the redemption price set forth in this Section 5, provided that, in the case of certificated 2018 ESOP Preferred Stock, the Company shall not be obligated to pay the redemption price until the certificates for the shares to be redeemed are surrendered (properly endorsed or assigned for transfer, if the Board of Directors of the Company shall so require and the notice shall so state).

(c) The Company, at its option, may make payment of the redemption price required upon redemption of shares of 2018 ESOP Preferred Stock in cash or in shares of Common Stock, or in a combination of such Common Stock and cash, any such shares of Common Stock to be valued for such purposes at their Fair Market Value (as defined in paragraph (d)(ii) of this Section 5) or their Current Market Price, in either case as of the date

fixed for redemption of the 2018 ESOP Preferred Stock, whichever value will result in the issuance of the greater number of shares of Common Stock to the holder of the 2018 ESOP Preferred Stock then being redeemed.

(d) For purposes of these resolutions, the following terms shall have the meanings set forth below:

(i) "Adjustment Period" shall mean the period of five (5) consecutive Trading Days preceding the date as of which the Fair Market Value of a security is to be determined.

(ii) "Fair Market Value" shall mean, as to shares of Common Stock or any other class of capital stock or securities of the Company or any other issue which are publicly traded, the average of the Current Market Prices of such shares or securities for each day of the Adjustment Period. The "Fair Market Value" of any security which is not publicly traded (other than the 2018 ESOP Preferred Stock) or of any other property shall mean the fair value thereof on the date as of which the Fair Market Value of the security is to be determined, as determined by an independent investment banking or appraisal firm experienced in the valuation of such securities or property selected in good faith by the Board or a committee thereof. The "Fair Market Value" of the 2018 ESOP Preferred Stock for purposes of paragraph (a) of Section 5, and for purposes of paragraph (c) of Section 6 shall mean the fair market value thereof determined by an independent appraiser, appointed by the Trustee of the Plan in accordance with the provisions of the Plan, as of the date fixed for redemption of the 2018 ESOP Preferred Stock (in the case of a redemption pursuant to Section 5) or as of the date specified in paragraph (c) of Section 6 (in the case of a redemption under that section). For purposes of determining the Fair Market Value of the 2018 ESOP Preferred Stock, the independent appraiser shall assume (i) that all dividends on the 2018 ESOP Preferred Stock would have been paid when due, and (ii) that the mandatory conversion of shares of 2018 ESOP Preferred Stock held by the Plan into shares of Common Stock pursuant to Section 4(a) hereof would have occurred when and as payments of principal (together with accrued interest thereon) would have been made by the Trustee of the Plan in accordance with the terms of that certain 2018 ESOP Cumulative Convertible Preferred Stock Note Agreement dated on or about January 25, 2018 between the Company and the Plan (including any amendments or modifications thereto).

6. Consolidation, Merger, etc. (a) If the Company consummates any consolidation or merger or similar business combination, pursuant to which the outstanding shares of Common Stock are by operation of law exchanged solely for or changed, reclassified or converted solely into stock of any successor or resulting corporation (including the Company) that constitutes "qualifying employer securities" with respect to a holder of 2018 ESOP Preferred Stock within the meaning of Section 409(1) of the Internal Revenue Code of 1986, as amended, and Section 407(d)(5) of the Employee Retirement Income Security Act of 1974, as amended, or any successor provisions of law, and, if applicable, for a cash payment in lieu of fractional shares, if any, the shares of 2018 ESOP Preferred Stock of such holder shall, in connection with such consolidation, merger or similar business combination, be assumed by and shall become Preferred Stock of such successor or resulting corporation, having in respect of such corporation,

insofar as possible, the same powers, preferences and relative, participating, optional or other special rights (including the redemption rights provided by Sections 5 and 6 hereof), and the qualifications, limitations or restrictions thereon, that the 2018 ESOP Preferred Stock had immediately prior to such transaction, subject to the following:

(1) After such transaction each share of the 2018 ESOP Preferred Stock shall be convertible, otherwise on the terms and conditions provided by Section 4 hereof, into the number and kind of qualifying employer securities so receivable by a holder of the number of shares of Common Stock into which such shares of 2018 ESOP Preferred Stock could have been converted immediately prior to such transaction.

(2) The Company shall not consummate any such merger, consolidation or similar transaction unless all then outstanding shares of 2018 ESOP Preferred Stock shall be assumed and authorized by the successor or resulting corporation as aforesaid.

(b) If the Company consummates any consolidation or merger or similar business combination, pursuant to which the outstanding shares of Common Stock are by operation of law exchanged for or changed, reclassified or converted into other stock or securities or cash or any other property, or any combination thereof, other than any such consideration which is constituted solely of qualifying employer securities (as referred to in paragraph (a) of this Section 6) and cash payments, if applicable, in lieu of fractional shares, outstanding shares of 2018 ESOP Preferred Stock shall, without any action on the part of the Company or any holder thereof (but subject to paragraph (c) of this Section 6), be automatically converted by virtue of such merger, consolidation or similar transaction immediately prior to such consummation into the number of shares of Common Stock into which such shares of 2018 ESOP Preferred Stock could have been converted at such time so that each share of 2018 ESOP Preferred Stock shall, by virtue of such transaction and on the same terms as apply to the holders of Common Stock, be converted into or exchanged for the aggregate amount of stock, securities, cash or other property (payable in like kind) receivable by a holder of the number of shares of Common Stock into which such shares of 2018 ESOP Preferred Stock could have been converted immediately prior to such transaction. However, if by virtue of the structure of such transaction, a holder of Common Stock is required to make an election with respect to the nature and kind of consideration to be received in such transaction, which election cannot practicably be made by the holders of the 2018 ESOP Preferred Stock, then the shares of 2018 ESOP Preferred Stock shall, by virtue of such transaction and on the same terms as apply to the holders of Common Stock, be converted into or exchanged for the aggregate amount of stock, securities, cash or other property (payable in kind) receivable by a holder of the number of shares of Common Stock into which such shares of 2018 ESOP Preferred Stock could have been converted immediately prior to such transaction if such holder of Common Stock failed to exercise any rights of election as to the kind or amount of stock, securities, cash or other property receivable upon such transaction. If the kind or amount of stock, securities, cash or other property receivable upon such transaction is not the same for each non-electing share, then the kind and amount of stock, securities, cash or other property receivable upon such transaction for each non-electing share shall be the kind and amount so receivable per share by a plurality of the non-electing shares.

(c) In the event the Company shall enter into any agreement providing for any consolidation or merger or similar business combination described in paragraph (b) of this Section 6 (a "Business Combination"), then the Company shall as soon as practicable thereafter (and in any event at least fifteen (15) Business Days before consummation of such transaction) give notice of such agreement and the material terms thereof to each holder of 2018 ESOP Preferred Stock and each such holder shall have the right to elect, by written notice to the Company, to receive, upon consummation of such transaction (if and when such transaction is consummated), from the Company or the successor of the Company, in redemption and retirement of such 2018 ESOP Preferred Stock, a cash payment per share of 2018 ESOP Preferred Stock equal to the higher of (x) $1,000.00, plus accrued and unpaid dividends thereon to the date of consummation of such transaction or (y) the Fair Market Value per share of 2018 ESOP Preferred Stock, as of the last Business Day (as defined in paragraph (c) of Section 4 hereof) immediately preceding the date the Business Combination is consummated. No such notice of redemption shall be effective unless given to the Company prior to the close of business on the last Business Day prior to consummation of such transaction, unless the Company or the successor of the Company shall waive such prior notice, but any notice of redemption so given prior to such time may be withdrawn by notice of withdrawal given to the Company prior to the close of business on the last Business Day prior to consummation of such transaction.

(d) In the event that a Purchase Offer (as defined below) shall have been made and shall be continuing, each holder of 2018 ESOP Preferred Stock shall have the right to convert shares of 2018 ESOP Preferred Stock into shares of Common Stock at the Conversion Price specified in Section 4(c)(iii)(C) hereof until the date the Purchase Offer is terminated, including without limitation because the original Purchase Offer is withdrawn or because the Purchase Offer has expired and is not renewed, upon notice of such conversion given to the Company not later than the close of business on the date the Purchase Offer terminates (the "Purchase Offer Conversion Period"), unless the Company or any successor of the Company shall waive such prior notice, but any notice of conversion so given may be withdrawn by notice of withdrawal given to the Company prior to the end of the Purchase Offer Conversion Period.

For purposes of this paragraph (d), the following terms shall have the meanings set forth below:

(i) "Beneficial Ownership" shall have the meaning ascribed to it in Rule 13d-3 under the Securities Exchange Act of 1934 (the "Exchange Act") and "person" shall have the meanings specified in Sections 3(a)(9) and 13(d)(3) of the Exchange Act.

(ii) A "Purchase Offer" shall have been made when any person (other than the Company or any affiliate of the Company) shall have "commenced" (as such term is defined in Rule 14d-2 under the Exchange Act) a tender offer or exchange offer to purchase shares of Common Stock, such that, upon consummation of such offer, such person would have Beneficial Ownership (as defined herein) or the right to acquire Beneficial Ownership, of twenty percent (20%) or more of the voting power of the Company.

7. Liquidation Rights. (a) Upon the dissolution, liquidation, or winding up of the Company, the holders of the shares of 2018 ESOP Preferred Stock shall be entitled to receive and

to be paid out of the assets of the Company available for distribution to its stockholders, before any payment or distribution shall be made on or set aside for the Common Stock or any other class of stock ranking junior to 2018 ESOP Preferred Stock and subject to the rights of the holders of the shares of any series or class or classes of stock ranking on parity with or senior to the 2018 ESOP Preferred Stock, the amount of $1,000.00 per share, plus a sum equal to all dividends (whether or not earned or declared) on such shares accrued and unpaid thereon to the date of final distribution.

(b) Neither the sale of all or substantially all the property and assets of the Company, nor the merger, consolidation or other business combination of the Company into or with any other corporation, nor the merger, consolidation or other business combination of any other corporation into or with the Company shall be deemed to be a dissolution, liquidation, or winding up, voluntary or involuntary, for the purposes of this Section 7.

(c) After the payment to the holders of the shares of 2018 ESOP Preferred Stock of the full preferential amounts provided for in this Section 7, the holders of 2018 ESOP Preferred Stock, as such, shall have no right or claim to any of the remaining assets of the Company.

(d) In the event the assets of the Company available for distribution to the holders of shares of 2018 ESOP Preferred Stock upon any dissolution, liquidation, or winding up of the Company, whether voluntary or involuntary, shall be insufficient to pay in full all amounts to which such holders are entitled pursuant to paragraph (a) of this Section 7, no such distribution shall be made on account of any shares of any other series of Preferred Stock or other capital stock of the Company ranking on a parity with the shares of 2018 ESOP Preferred Stock upon such dissolution, liquidation, or winding up unless proportionate distributive amounts shall be paid on account of the shares of 2018 ESOP Preferred Stock, ratably, in proportion to the full distributable amounts for which holders of all such parity shares are respectively entitled upon such dissolution, liquidation, or winding up.

(e) Subject to the rights of the holders of the shares of any series or class or classes of stock ranking on parity with or prior to the shares of 2018 ESOP Preferred Stock upon liquidation, dissolution, or winding up, upon any liquidation, dissolution, or winding up of the Company, after payment shall have been made in full to the holders of the shares of 2018 ESOP Preferred Stock as provided in this Section 7, but not prior thereto, any other series or class or classes of stock ranking junior to the shares of 2018 ESOP Preferred Stock upon liquidation shall, subject to the respective terms and provisions (if any) applying thereto, be entitled to receive any and all assets remaining to be paid or distributed, and the holders of the shares of 2018 ESOP Preferred Stock shall not be entitled to share therein.

8. Ranking. For the purposes of these resolutions, any stock of any series or class or classes of the Company shall be deemed to rank:

(a) prior to the shares of 2018 ESOP Preferred Stock, either as to dividends or upon liquidation, dissolution or winding up, if the holders of such series or class or classes shall be entitled to the receipt of dividends or of amounts distributable upon dissolution, liquidation, or

winding up of the Company, as the case may be, in preference or priority to the holders of shares of 2018 ESOP Preferred Stock;

(b) on a parity with shares of 2018 ESOP Preferred Stock, either as to dividends or upon liquidation, dissolution or winding up, whether or not the dividend rates, dividend payment dates, or redemption or liquidation prices per share, or sinking fund provisions, if any, be different from those of 2018 ESOP Preferred Stock, if the holders of such stock shall be entitled to the receipt of dividends or of amounts distributable upon dissolution, liquidation, or winding up of the Company, as the case may be, in proportion to their respective dividend rates or liquidation prices, without preference or priority, one over the other, as between the holders of such stock and the holders of shares of 2018 ESOP Preferred Stock; and

(c) junior to shares of 2018 ESOP Preferred Stock, either as to dividends or upon liquidation, dissolution or winding up, if such class shall be Common Stock or if the holders of shares of 2018 ESOP Preferred Stock shall be entitled to receipt of dividends or of amounts distributable upon dissolution, liquidation, or winding up of the Company, as the case may be, in preference or priority to the holders of shares of such series or class or classes.

9. Priority of 2018 ESOP Preferred Stock. The shares of 2018 ESOP Preferred Stock will rank on a parity, both as to payment of dividends and the distribution of assets upon liquidation, with the Company's 2010 ESOP Cumulative Convertible Preferred Stock, its 2011 ESOP Cumulative Convertible Preferred Stock, its 2012 ESOP Cumulative Convertible Preferred Stock, its 2013 ESOP Cumulative Convertible Preferred Stock, its 2014 ESOP Cumulative Convertible Preferred Stock, its 2015 ESOP Cumulative Convertible Preferred Stock, its 2016 ESOP Cumulative Convertible Preferred Stock, and its 2017 ESOP Cumulative Convertible Preferred Stock.

IN WITNESS WHEREOF, the Company has caused this Certificate of Designation to be signed by Timothy J. Sloan, its Chief Executive Officer and President, and attested by Jeannine E. Zahn, its Assistant Secretary, on this 23rd day of January, 2018.

WELLS FARGO & COMPANY

By /s/ Timothy J. Sloan
Timothy J. Sloan
President and
Chief Executive Officer

Attest:

/s/ Jeannine E. Zahn
Jeannine E. Zahn
Assistant Secretary

[As filed with the Delaware Secretary of State on January 24, 2018]

**Exhibit 31(a)**

## CERTIFICATION

I, Timothy J. Sloan, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the period ended September 30, 2018, of Wells Fargo & Company;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 6, 2018

/s/ TIMOTHY J. SLOAN
Timothy J. Sloan
Chief Executive Officer

**Exhibit 31(b)**

## CERTIFICATION

I, John R. Shrewsberry, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the period ended September 30, 2018, of Wells Fargo & Company;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 6, 2018

/s/ JOHN R. SHREWSBERRY
John R. Shrewsberry
Chief Financial Officer

**Exhibit 32(a)**

**Certifications Pursuant to**
**18 U.S.C. Section 1350,**
**As Adopted Pursuant to**
**Section 906 of the Sarbanes-Oxley Act of 2002**

In connection with the Quarterly Report on Form 10-Q of Wells Fargo & Company (the "Company") for the period ended September 30, 2018, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Timothy J. Sloan, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. §1350, as adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ TIMOTHY J. SLOAN
Timothy J. Sloan
Chief Executive Officer
Wells Fargo & Company
November 6, 2018

**Exhibit 32(b)**

**Certifications Pursuant to**
**18 U.S.C. Section 1350,**
**As Adopted Pursuant to**
**Section 906 of the Sarbanes-Oxley Act of 2002**

In connection with the Quarterly Report on Form 10-Q of Wells Fargo & Company (the "Company") for the period ended September 30, 2018, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, John R. Shrewsberry, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. §1350, as adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ JOHN R. SHREWSBERRY
John R. Shrewsberry
Chief Financial Officer
Wells Fargo & Company
November 6, 2018