

Actions Taken to Assist Customers and Strengthen Operations and Governance

September 2017

Together we'll go far



Changes in our retail bank

- **Changed leadership** of the Community Bank.
- **Eliminated product sales goals** for retail bank team members who serve customers in our retail branches and in our retail banking contact centers effective October 1, 2016.
- **Introduced new compensation and performance management programs** in the Community Bank in January 2017 that emphasize customer experience and risk management.
- **Expanded training for retail bank managers and bankers** on acceptable sales practices and how to report unethical behavior.
- **Eliminated a layer of management** in the Community Bank in order to bring senior management closer to our customers.
- **Strengthened oversight and risk controls**, including branch audits and branch mystery shopping, as well as targeted conduct risk reviews. Eliminated 24 hour notice on branch control reviews.
- **Rolling out transformational changes to processes, coaching and customer interaction** to take customer experience to a new level.

Making things right for our customers – significant outreach and remediation

We have taken a series of steps to address improper retail sales practices, fix what went wrong, and make things right for our customers, team members, and the public. These efforts are fundamental to restoring trust with customers. Any customers who suspect they had an unauthorized account or service opened in their name can contact Wells Fargo directly by visiting a branch, phone, or online.

- **Reached out** to 40 million consumer and 3 million small business customers asking them to contact us with any concerns about their accounts. Beginning in September, we will do another round of outreach to tens of millions of current and former customers to inform them about the class action settlement (see below) and encourage them to come to us with any questions or concerns.
- **Reviewed accounts** through a data driven process completed by a third party that looked for usage patterns that could indicate accounts that were potentially unauthorized and are refunding fees on any accounts that were identified as potentially unauthorized, even though the patterns we looked for sometimes show up on accounts that were properly authorized. The principle guiding this analysis was to err on the side of our customers.
- **Established a dedicated hotline and online resource center** on wells Fargo.com/commitment for up-to-date information on this issue.
- **Made payments of more than \$3.7 million to customers** in refunds and credits for complaints and mediation claims from September 8, 2016 through July 31, 2017.
- **Received preliminary approval for the class-action settlement agreement** for retail sales practices, which sets aside \$142 million for remediation and settlement expenses to cover customers and former customers with claims of unauthorized accounts back to 2002.
- **Provided free mediation services** to customers whose complaints we could not resolve (94% of concerns raised by customers requesting mediation were addressed without a formal mediation occurring), and we will continue to offer this service to customers who remain unsatisfied with any of the outcomes from the steps above.
- **Wells Fargo is working diligently with its regulators** to meet all of its obligations under the consent orders, to build a better bank, and to make things right for its customers and team members.

Expanded third party review of retail bank accounts

- We recently announced the completion of a previously announced expanded third party review of retail banking accounts dating back to 2009.
 - Original account analysis reviewed 93.5 million accounts and covered the time period of May 2011 through mid-2015.
 - Expanded analysis covered back to January 2009 and forward to September 2016 and reviewed more than 165 million accounts.

	<i>Original Review</i>	<i>Expanded Review</i>
Review Period	~4.5 years	~8 years
Total Accounts Reviewed	93.5 million	165 million
Potentially Unauthorized Accounts Identified	~2.1 million	~3.5 million
Accounts that Incurred Fees	130,000	~190,000
Refunds Paid	\$3.3 million	
Additional Refunds to be Paid		\$2.8 million

- As required by the consent orders, the expanded analysis also included a review of online bill pay services.
 - Over the almost 8-year period the analysis identified ~528k potentially unauthorized bill pay enrollments due to one minimal payment and no further use of the service; Wells Fargo will refund \$910k to customers who incurred fees or charges.
- Wells Fargo has agreed to a \$142 million preliminary class action settlement for claims dating back to 2002; customers will be compensated through a third-party process.
- With the expanded account analysis complete, the focus will be on remediation and making things right for customers.

Strengthening operations — established new goals that start with our focus on serving customers

We have redefined our goals, which start with our focus on serving customers. Our goals reflect our current challenges and opportunities, clearly state our aspirations for the future, and ensure we are focusing on activities that will build a better bank and strengthen Wells Fargo.

Our Goal: We want to become the financial services leader in six areas

Customer service and advice

We want to know and understand our customers and their financial goals. Then, to help them be financially successful, we want to provide best-in-class service and advice that will help them reach their goals. This is true whether we are working with an individual, a family, a small business, a growing company, or an institution.

Team member engagement

Team members are our most valuable resource and a key competitive advantage. So we want to be an employer of choice — a company where people matter, teamwork is rewarded, everyone feels respected and empowered to speak up, diversity and inclusion are embraced, and how our work gets done is just as important as getting the work done.

Innovation

By using innovative technologies and moving quickly to bring about change, we want to create new kinds of lasting value for consumers and businesses — and increased efficiency for our own internal operations. We understand that the true value of innovation is when technology directly serves our customers' needs.

Risk management

We want to set the global standard in managing all forms of risk, because this will help us serve customers well, improve our position in the marketplace, and protect our long-term soundness and reputation. Customers want to do business with companies they trust and that make protecting their information a top priority. We are all risk managers.

Corporate citizenship

We want to make every community in which we do business better because we are there — through our products and services, culture and operations, and philanthropy. We want to advance diversity and social inclusion, create economic opportunity in underserved communities, and accelerate the transition to a lower-carbon economy and healthier planet.

Shareholder value

We want to earn the confidence of shareholders by maximizing long-term value. Our goals are consistent performance over time and best-in-class returns — achieved through knowing customers and what they need; managing risk; operating efficiently and effectively; maintaining a strong balance sheet; and having a world-class leadership team.

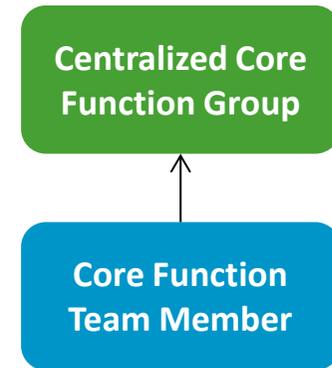
Enterprise-wide actions

- **Strengthened our risk framework and organization** by centralizing core functions like Risk, Compliance, Finance and Human Resources to provide greater role clarity, increased coordination and stronger oversight.
- **Formed a new Conduct Management Office** that reports to the Chief Risk Officer and centralizes the handling of internal investigations, EthicsLine and ethics oversight, complaints management, and sales practice oversight.
- We **engaged outside culture experts** to help us understand where we have cultural weaknesses that need to be strengthened or fixed.
- With the help of an outside academic who specializes in corporate culture, we conducted a **confidential culture assessment involving all team members**.
- We **made enhancements to the EthicsLine intake process** and hired an outside expert to help identify possibilities for additional improvements to make sure team members have a trusted and confidential way to report ethics concerns.
- We **expanded our “Raise Your Hand” initiative with our new Speak Up and Non-retaliation Policy** that sets expectations for all team members to speak up when they see something unethical or have an idea of how to reduce risk and for managers to help them feel comfortable and supported when they do.
- We established a **process enabling former team members to request a review of their termination or resignation** allegedly due to sales performance/culture reasons. Those who are eligible for re-employment have an opportunity to work with a special recruiting team to identify and explore opportunities for re-employment with Wells Fargo.
- We are **surveying team members** to understand their views on our approach to ethics and integrity and getting their feedback more generally through “pulse” surveys.

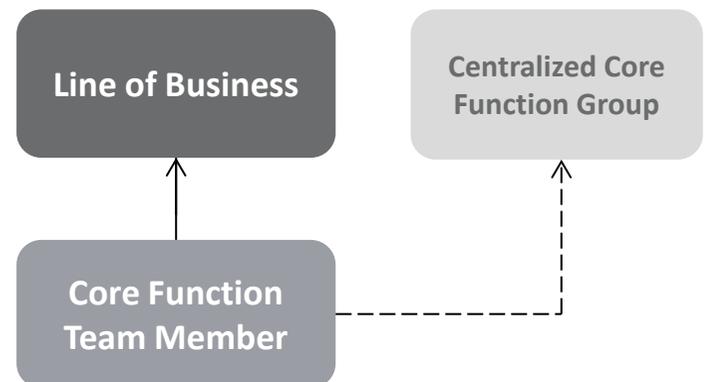
Strengthening operations – improved risk management organization and controls

- We made **system and process enhancements** to add protection measures to new accounts, such as sending automated emails to our customers every time a new personal or small business checking account or savings account is opened; letter acknowledgements for new credit cards; and same-day emails to credit card customers.
- We **strengthened our risk framework and organization by centralizing core functions like Risk, Compliance, Finance and Human Resources** to provide greater role clarity, increased coordination, and stronger oversight.
- We **formed a new Conduct Management Office** in the second line of defense; the head of the new office reports to the Chief Risk Officer.
 - The new office centralizes the handling of internal investigations, EthicsLine and ethics oversight, and complaints management and enhances our existing sales practices oversight.

Illustration of new Risk and HR reporting structures – independent from the line of business to improve objectivity, escalation, and controls



Prior Reporting Structure



Took actions to promote executive accountability

The Board of Directors previously took the following decisive actions to promote executive accountability, which include executive compensation decisions with a total impact of more than \$180 million:

Annual Incentive Award Forfeitures (approximately \$11 million)	Long Term Incentive Forfeitures (approximately \$86 million)
<ul style="list-style-type: none"> ▪ No 2016 bonuses for John Stumpf, former Chairman and CEO, and Carrie Tolstedt, former head of the Community Bank (target value eliminated = approximately \$5 million*) ▪ No 2016 bonuses for eight members of our Operating Committee (target value eliminated = approximately \$6 million) 	<ul style="list-style-type: none"> ▪ John Stumpf and Carrie Tolstedt forfeited all of their unvested equity awards (totaling approximately \$60 million) ▪ Up to 50% reduction in 2014 Performance Share awards paid in March 2017 for eight members of our Operating Committee (totaling approximately \$26 million)
Senior Manager Employment Terminations	Additional Accountability Actions Taken in April 2017
<ul style="list-style-type: none"> ▪ Terminated the employment of four current or former senior managers in the Community Bank for cause ▪ None of those senior managers received a 2016 bonus and they forfeited all of their unvested equity awards and vested outstanding stock options 	<ul style="list-style-type: none"> ▪ Determined that the finding made by the Board on September 25, 2016, that cause existed for terminating Ms. Tolstedt's employment was appropriate ▪ Resulted in forfeiture of all of Ms. Tolstedt's outstanding stock options (intrinsic value of approx. \$47.3 million) ▪ Clawed back from Mr. Stumpf approximately \$28 million in previously paid equity compensation

* For John Stumpf, the Board's Human Resources Committee did not establish a pre-determined target annual incentive award opportunity below the overall limit, so the value of his actual 2015 award is included above.

Enhanced Board structure and governance practices

Board Leadership Structure	<ul style="list-style-type: none"> ▪ Separated the roles of Chairman and CEO ▪ Amended By-Laws to require that the Chairman be independent ▪ Elected Elizabeth A. Duke (current independent Vice Chair and a former Governor of the Federal Reserve System) to succeed Stephen W. Sanger as independent Chair, effective Jan. 1, 2018
Board and Committee Composition	<ul style="list-style-type: none"> ▪ Continuing Board refreshment, including through the addition of three new independent directors in 2017 and the upcoming retirements of three long-serving directors at year-end <ul style="list-style-type: none"> ○ Added two new directors, Karen B. Peetz and Ronald L. Sargent, in Feb. 2017, who bring financial services, client services, regulatory, and consumer retail and marketing experience, as well as experience in the management of a large workforce serving customers globally through a variety of channels ○ Added Juan A. Pujadas as a director, in Sept. 2017; he brings risk management, financial services, finance, technology, and international experience ○ Cynthia H. Milligan, Susan G. Swenson, and Stephen W. Sanger are retiring from the Board at year-end 2017 to facilitate Board refreshment ○ The Board intends to continue adding new directors while maintaining an appropriate balance of experience, diversity, and perspectives on the Board; Expects to name up to three additional independent directors before 2018 Annual Meeting
Key Board Facts	
6 new independent directors since 2013	
6 directors retired or retiring between 2016 Annual Meeting and year-end 2017	
6-yr average tenure of 12 independent directors following elections and announced retirements	<ul style="list-style-type: none"> ▪ Refreshed the composition and leadership of various Board committees, including the Risk Committee and Governance and Nominating Committee <ul style="list-style-type: none"> ○ Karen B. Peetz became Chair of Risk Committee on Sept. 1, 2017 ○ Donald M. James became Chair of Governance and Nominating Committee on Sept. 1, 2017
Governance Practices	<ul style="list-style-type: none"> ▪ 2017 Board self-evaluation facilitated by a third party following 2017 Annual Meeting and in advance of typical year-end timing ▪ The Board retained Mary Jo White, a senior partner at Debevoise & Plimpton LLP and former Chair of the Securities and Exchange Commission, to facilitate its 2017 self-evaluation ▪ Forming a new stakeholder advisory council in 2017 that will include a diverse mix of the Company's stakeholders to provide insight to the Board from a stakeholder perspective on current and emerging risks that could have an impact on the company; Council meetings will be led by Ms. Duke ▪ Adopted overboarding policy in 2017, which limits the number of public company boards on which our directors may serve; all directors are in compliance with the overboarding policy

Enhanced Board oversight of conduct risk

As a result of its continuing review of committee responsibilities and oversight of risks, the Board of Directors made changes in February 2017 to enhance the risk oversight responsibilities of various Board committees, including the Risk Committee.

Board of Directors	<ul style="list-style-type: none"> ▪ Enhanced Board oversight of conduct risk, including sales practices risk, by requesting reporting to the Board on the alignment of team member conduct with (1) our Company's risk appetite and (2) our Company's culture as reflected in our Vision and Values and our Code of Ethics and Business Conduct
Risk Committee	<ul style="list-style-type: none"> ▪ Expanded Risk Committee oversight responsibilities to include our enterprise-wide conduct risk, risk culture, and Conduct Management Office (formerly known as the Office of Ethics, Oversight, and Integrity) ▪ Risk Committee continues to oversee our enterprise risk management framework, Corporate Risk function, and key risks identified by our Company
Human Resources Committee	<ul style="list-style-type: none"> ▪ Expanded Human Resources Committee oversight responsibilities to include human capital management, culture, our Code of Ethics and Business Conduct, and implementation and effectiveness of our Company's ethics, business conduct, and conflicts of interest program ▪ Human Resources Committee continues to oversee our Company's incentive compensation risk management program – the scope of the program was expanded to include a broader population of team members, including team members in our retail branches and call centers
Audit and Examination Committee	<ul style="list-style-type: none"> ▪ Expanded Audit and Examination Committee oversight responsibilities for legal and regulatory compliance to include our Company's compliance culture ▪ Audit and Examination Committee continues to oversee our operational risk program and all operational risk types, as well as complaints and allegations related to accounting, internal accounting control, and auditing matters
Corporate Responsibility Committee	<ul style="list-style-type: none"> ▪ Corporate Responsibility Committee continues to oversee our Company's reputation, customer complaints policy and processes, and complaints and allegations relating to customers and will receive enhanced reporting from management on complaints and allegations from all sources, including the EthicsLine, relating to customers