

Wells Fargo & Company

2018 annual meeting of shareholders

*Proxy
statement*



Letter to our Shareholders from our Chair and our Chief Executive Officer

March 14, 2018

Dear Fellow Shareholders,

Thank you for your continued support of Wells Fargo during 2017. Our top priority remains rebuilding the trust of our shareholders, customers, team members, communities, and regulators. We continue to make the changes necessary for Wells Fargo to become better, stronger, and more customer-focused than ever before. We are focused on achieving our six aspirational goals – for Wells Fargo to be *the* financial services leader in customer service and advice, team member engagement, innovation, risk management, corporate citizenship, and shareholder value. At the same time, the board and senior management are committed to satisfying the requirements of the consent order that we agreed to with the Board of Governors of the Federal Reserve System on February 2, 2018.

As part of our transformation, Wells Fargo is committed to a thorough review of the products we offer and the internal procedures we use to get things done. When we uncover anything that may be questionable, we address it and remediate any customers who may have been financially harmed. To strengthen Wells Fargo's corporate culture, we are listening to our team members and inviting outside reviewers to help identify enhancements so we can make sure our culture is consistent across the organization. We continue to make investments in our team, including raising the minimum wage base range for U.S.-based, entry-level team members to \$15 an hour and enhancing benefits. Team member turnover is at its lowest level since 2013.

As we look ahead, we remain focused on understanding our customers' financial needs and helping them succeed financially. To deliver excellent customer experiences, we are investing in data, technology, operations, and risk management so team members have the tools they need to meet customers' needs. We have enhanced the branch experience for customers and accelerated our pace of innovation so we can create new kinds of lasting value for consumers and businesses. We will continue to make changes to strengthen Wells Fargo, and we firmly believe that the quality of our team members, our diversified business model, nationwide franchise, and investment in innovation, along with our commitment to our six goals, will generate long-term value for our investors.

The board recognizes that it must continue to strengthen and enhance its governance oversight. To support these efforts, the board made significant changes to board composition, reconstituted several board committees, amended committee charters to enhance risk oversight, and continued to work with senior management to improve the reporting and analysis provided to the board. Many of these changes were informed by the board's rigorous self-examination, which was facilitated by a third-party in 2017, and reflected the feedback received from our investors and other stakeholders.

On behalf of our board of directors and management team, we are pleased to invite you to attend our 2018 Annual Meeting of Shareholders on April 24, 2018, at 10:00 a.m., Central Daylight Time, at the Des Moines Marriott Downtown, 700 Grand Avenue, Des Moines, Iowa, 50309. A notice of the meeting and our 2018 Proxy Statement containing important information about the matters to be voted upon and instructions on how you can vote your shares follow this letter.

Your vote is important to us. Please vote as soon as possible even if you plan to attend the annual meeting. Thank you for your interest in and support of Wells Fargo.

Sincerely,



Elizabeth A. Duke
Chair, Board of Directors



Timothy J. Sloan
CEO and President

Table of Contents

OUR STRATEGY AND GOALS _____	2	EXECUTIVE COMPENSATION _____	58
Our Long-Term Strategy _____	2	Incentive Compensation Risk Management and Team Member Performance Management _____	58
Demonstrating Progress on Our Six Goals _____	3	Item 2 – Advisory Resolution to Approve Executive Compensation _____	62
TRANSFORMING WELLS FARGO _____	5	Compensation Discussion & Analysis _____	63
Our Journey and Our Progress to Rebuild Trust _____	5	2017 Compensation and Financial Performance Overview _____	64
Key Actions Taken By Our Board and Our Company _____	5	Governance Framework for Compensation Decisions _____	66
Assessing, Strengthening, and Measuring Our Culture _____	8	How the HRC Considers Prior Say on Pay Votes and Investor Feedback _____	69
CORPORATE GOVERNANCE _____	11	Executive Accountability _____	70
Our Corporate Governance Framework and Documents _____	11	Compensation Elements _____	72
Comprehensive Annual Evaluation of Board Effectiveness _____	13	Compensation Decisions for Named Executives _____	72
Our Investor Engagement Program _____	15	Other Compensation Components _____	78
Demonstrated Track Record of Responsiveness to Investors and Other Stakeholders _____	16	Tax Considerations _____	78
Strong Independent Board Leadership _____	18	Conclusion _____	79
Management Succession Planning and Development _____	20	Compensation Committee Report _____	79
Board Refreshment and Composition _____	21	Executive Compensation Tables _____	80
Board Succession Planning _____	21	2017 Summary Compensation Table _____	80
Board Refreshment and Board Size _____	22	2017 Grants of Plan-Based Awards _____	82
Board Qualifications and Experience _____	23	Outstanding Equity Awards at Fiscal Year-End 2017 _____	84
Importance of Board Diversity _____	25	2017 Option Exercises and Stock Vested _____	86
Item 1 – Election of Directors _____	26	2017 Pension Benefits _____	87
Director Nominees for Election _____	26	2017 Nonqualified Deferred Compensation _____	89
Director Election Standard and Nomination Process _____	33	Potential Post-Employment Payments _____	93
Director Orientation Process and Continuing Education _____	35	Our Workforce _____	96
Director Independence _____	35	AUDIT MATTERS _____	97
Our Board and its Committees _____	37	Item 3 – Ratify Appointment of Independent Registered Public Accounting Firm for 2018 _____	97
Board and Committee Meetings; Annual Meeting Attendance _____	37	KPMG Fees _____	97
Committees of Our Board _____	37	Audit and Examination Committee Pre-Approval Policies and Procedures _____	98
Our Board’s Role in Risk Oversight _____	44	Audit and Examination Committee Report _____	98
Compensation Committee Interlocks and Insider Participation _____	45	SHAREHOLDER PROPOSALS _____	99
Director Compensation _____	46	Our Commitment to a Business Standards Review and Report _____	99
OUR COMMITMENT AS A SOCIALLY RESPONSIBLE COMPANY _____	49	Item 4 – Shareholder Proposal – Special Shareowner Meetings _____	100
INFORMATION ABOUT RELATED PERSONS _____	51	Item 5 – Shareholder Proposal – Reform Executive Compensation Policy with Social Responsibility _____	102
Related Person Transactions _____	51	Item 6 – Shareholder Proposal – Report on Incentive Compensation and Risks of Material Losses _____	104
Related Person Transaction Policy and Procedures _____	52	VOTING AND OTHER MEETING INFORMATION _____	107
OWNERSHIP OF OUR COMMON STOCK _____	54	Voting Information _____	107
Directors and Executive Officers _____	54	Meeting Admission Information _____	110
Principal Shareholders _____	57	Shareholder Information for Future Annual Meetings _____	111
		Other Information _____	112

Shareholder Proposals

- our Company launched its external Stakeholder Advisory Council in December 2017 to deepen our understanding of important issues relevant to our Company and its stakeholders, including serving the financial needs of underserved communities, diversity and social inclusion, and environmental sustainability.

Our Company's governing documents allow our Board to call special meetings of shareholders when it is in the best interests of our shareholders to do so. Those governing documents, along with Delaware corporate law and other applicable regulatory requirements, also serve to protect shareholder interests by requiring many important matters to be submitted for a shareholder vote at a meeting. These matters include certain large stock issuances, certain mergers, the adoption of equity-based compensation plans, and advisory say on pay votes. Our Company's existing By-Law provision giving shareholders a meaningful right to call special meetings, coupled with our Company's strong independent Board leadership and corporate governance practices, our investor engagement program, and existing corporate and regulatory requirements regarding shareholder meetings, appropriately balance the shareholder right to call special meetings of shareholders with our shareholders' interest in avoiding burdens associated with unnecessary special shareholder meetings called by a small group of shareholders.

Item 4 Shareholder Proposal – Special Shareowner Meetings

Our Board recommends that you vote **AGAINST** this proposal.

ITEM 5 – SHAREHOLDER PROPOSAL – REFORM EXECUTIVE COMPENSATION POLICY WITH SOCIAL RESPONSIBILITY

Jing Zhao, 1745 Copperleaf Ct., Concord, CA 94519, the holder of 60 shares of our common stock, has advised us that he intends to introduce the following resolution at our 2018 annual meeting:

Resolution

Resolved: shareholders recommend that Wells Fargo & Company engage multiple outside independent experts or resources from the general public to reform its executive compensation policy with social responsibility.

Supporting Statement

A socially responsible executive compensation policy is essential to corporate social responsibility. Wells Fargo does not have a compensation committee. "The HRC [Human Resource Committee] retained FW Cook to provide independent advice on executive compensation matters for 2016." (2017 Proxy Statement, p.59). It is obvious that a paid consulting firm cannot provide any independent voice which the company does not want to hear. For example, Apple Inc. wasted the company money to hire a consulting firm to advise Apple to award the same \$1,000,000 salary, the same \$20,000,105 stock and the same \$4,000,000 non-equity incentive plan compensation each in 2015 to its five named executive officers. The current Wells Fargo executive compensation policy is not socially responsible, as shown from the case of the forfeited \$41 million from the former CEO. It does not include social elements beyond the narrow market consideration, such as the rising of the CEO-worker pay ratio, to measure the executive compensation.

"A man must always live by his work, and his wages must at least be sufficient to maintain him." (Adam Smith, *The Wealth of Nations* "Book 1 Chapter 8 Of the Wages of Labour," 1776.) However, citing Economic Policy Institute, the Wall Street Journal reported: "The ratio has ballooned since the 1970s: The bosses of America's 350 largest companies made on average 276 times the money of their rank-and-file subordinates in 2015, up from 30 times in 1978." ("CEO-Worker Pay Ratio Generates Outrage—And Some Insight" by Stephen Wilmot, July 6, 2017) Furthermore, "Summary compensation tables massively understate what executives earn and don't tell investors what they need to know." "In 2015—the last year for which full data is available—the average pay of the 500 highest-paid U.S. executives was \$17.1 million according to fair-value estimates, but \$32.6 million according to realized pay." ("Better Ways to Measure Your Boss's Pay" by Stephen Wilmot, July 4, 2017.) This rising trend of inequality is not only socially immoral but also economically unsustainable.

For the purpose of this proposal, the HRC has the flexibility to select multiple independent experts or sources and social elements, such as the CEO-worker pay ratio of Wells Fargo and the average employee's pay, the minimum wage, and jobless rate of America. For example, Intel accepted my advice and organized three meetings to receive true independent insights from outside experts (including an UN officer, a federal officer, an Australian professor, a British journalist, an activist, NPO researchers, a lawyer, and shareholders) to review its human rights principles and employee's code of conduct policy.

Position of the Board

Our Board recommends a vote AGAINST this proposal, which is identified as Item 5 on the proxy card, for the following reasons:

- **Our executive compensation program is designed to pay for performance and encourage long-term shareholder value;**
- **In evaluating executive performance and determining executive compensation, the HRC considers a variety of factors, including ethical considerations, diversity and inclusion, executive accountability, and other social responsibility issues;**
- **The Board’s Human Resources Committee is comprised of independent directors and seeks independent advice; and**
- **We are committed to paying our team members fairly and consistent with social responsibility.**

Our executive compensation program is designed to be aligned with our four compensation principles discussed in the *Compensation Discussion and Analysis* section of this proxy statement, including paying for performance and encouraging the creation of long-term shareholder value. In alignment with these principles, the HRC, which has Board oversight responsibility for executive compensation matters, considers a wide variety of factors in evaluating executive performance and determining executive compensation, including ethical considerations, diversity and inclusion, executive accountability, and other social responsibility issues. In addition, as reflected in our Company’s six Goals, we believe that being a good corporate citizen helps to drive the creation of long-term shareholder value. To that end, we are committed to making every community in which we do business better through philanthropy, advancing diversity and inclusion, creating economic opportunity, and promoting environmental sustainability. Additional information regarding our corporate social responsibility initiatives can be found at <https://www.wellsfargo.com/about/corporate-responsibility/>.

The HRC is comprised of independent, experienced directors and it may retain or obtain guidance from legal counsel, compensation consultants, and other advisors as it deems appropriate. The HRC currently retains FW Cook as its independent compensation consultant. The HRC has engaged FW Cook to (i) advise the HRC on the design and effectiveness of our executive compensation program, including so that our compensation structure is appropriate to support our business and risk management objectives, (ii) provide advice on a range of external market factors that might affect our executive compensation program, and (iii) provide observations about our compensation program generally and about management’s recommendations to the HRC regarding the amount and form of compensation for our executives.

The HRC’s executive compensation decisions are further informed by our engagement with our shareholders, customers, team members, and other stakeholders. The HRC considered recent shareholder feedback through the Company’s annual say on pay vote in the HRC’s decision to maintain the overarching framework for our named executives’ compensation. Our executive compensation program also continues to be one of the topics that our Chair and members of management discuss with our investors each year as part of our investor engagement program. Additional details on our investor engagement program are provided under *Our Investor Engagement Program* in this proxy statement.

Moreover, we are committed to paying our team members fairly, and consistent with social responsibility. We offer a total compensation package, including salary, benefits, and incentive pay opportunities, that is competitive with those offered by our key competitors in the businesses and markets in which we operate. Our compensation programs support attracting, motivating, and retaining people with the skills, talent, and experience to drive sustainable, long-term company performance. We invest significantly in annual salary, promotional, and other types of increases for roles at all levels of our Company, while providing a broad array of benefits and career development opportunities for team members.

We believe that our compensation programs, combined with our Corporate Citizenship goal to make a positive contribution to communities through philanthropy, advancing diversity and inclusion, creating economic opportunity, and promoting environmental sustainability, address the concerns raised by this proposal.

Item 5 Shareholder Proposal – Reform Executive Compensation Policy with Social Responsibility

Our Board recommends that you vote **AGAINST** this proposal.