General information about restricted share rights

The Human Resources Committee (HRC) of the Wells Fargo & Company Board of Directors may approve annual long-term incentive (LTI) awards in the form of restricted share rights (RSRs) granted under the Long-Term Incentive Compensation Plan (LTICP) as it determines appropriate, subject to certain exceptions for international team members.

The form of long-term incentives will continue to be reviewed each year, with the goal of providing incentives that offer value to team members and the company. This document is intended to provide general information to increase your understanding of RSRs awards.

What are restricted share rights (RSRs)?

An RSR is a right to receive a share of Wells Fargo common stock at a future date, provided certain vesting requirements and other conditions are satisfied. Upon vesting of RSRs, team members receive shares of Wells Fargo common stock to hold or sell at their discretion.

What's the difference between RSRs and RSUs?

RSRs are sometimes called RSUs, or restricted stock units. These two terms are interchangeable and have the same meaning.

How does a participant benefit from RSRs?

Each RSR represents the right to receive one share of Wells Fargo common stock. Participants will automatically receive the shares, provided they are employed on the vesting date and satisfy any other conditions to vesting. The potential value of an RSR is the value of the underlying Wells Fargo common stock. Participants make no cash investment to receive the stock, although they will owe taxes on the value of the shares they receive at vesting. (Tax treatment in certain international jurisdictions may vary.) Additionally, participants may, to the extent provided in the award terms, have the right to receive dividend equivalents in the form of additional RSRs during the vesting period.

Once the RSRs vest, a participant will receive shares of Wells Fargo common stock and have all the rights of a shareholder of Wells Fargo. As a shareholder, a participant will be entitled to vote the shares and receive dividends should Wells Fargo's Board of Directors declare them.

How will the value of an award be determined?

In general, the value of an annual LTI award in the form of RSRs is determined using competitive grant guidelines and is based on the discretion of the manager to reward potential performance. All RSR awards are subject to the HRC's approval.

The number of shares that a participant receives is determined by dividing the approved award dollar amount by the NYSE- only closing price on the date that the award is approved and rounding up to the nearest whole number of shares.

For example: Assuming a NYSE-only closing stock price of US$58.00, a US$45,000 RSRs award would result in 776 shares (US$45,000/ US$58.00 = 775.8620, rounded up to 776).

What is the vesting schedule?

For RSRs, vesting means that a participant has earned the right to receive the shares represented by the RSRs granted. To vest in the RSRs, the participant must fulfill the requirements for continued employment and satisfy the other grant terms and conditions. Wells Fargo's vesting criteria support our intent to use these grants as a means of recognizing long-term performance.

What happens when the award vests?

When the RSRs vest, the portion of the RSRs and dividend equivalents that vest are valued at the NYSE-only closing stock price for a share of Wells Fargo common stock on that day. A number of shares, net of shares withheld for the payment of applicable taxes, are delivered to a Direct Registration System (also known as book-entry) account in the participant's name at Wells Fargo Shareowner Services. The participant may then move the shares to a brokerage account or sell the shares through Wells Fargo Shareowner Services.

Who keeps track of RSRs awards?

Computershare is our current partner for equity administration. Stock option and RSR awards are both maintained on their website, which can be accessed through the About LTICP section of Teamworks.

Once signed on to an account, participants can review and acknowledge the terms and conditions of an award, see the status and vesting schedule, and model potential future values of an award.

How are RSRs taxed and reported to the participant and when is the tax due?

In general, for participants paid on a U.S.-based payroll system, applicable taxes are assessed as ordinary income against the participant in the year that the RSRs vest based on the value of the vested part of the award on the vesting date. The company will withhold from the number of shares issuable upon vesting a number of shares necessary to satisfy applicable tax withholding obligations and requirements. The net shares, after withholding, are then delivered to the team member. The value on the date that the RSRs vest sets the cost basis for any future sale of the shares.

For example: Assume the HRC has approved an RSR award with a four-year vesting schedule. In our example, a participant has an award of 776 RSRs, and 25% of the award vests each March 15, starting one year from the grant date. The participant owes taxes on the ordinary income assessed on the vest date. If the closing stock price on the vesting date is US$60.00, then the taxable value of the vested portion would be US$11,640 (194 shares x US$60.00). Assuming a tax rate of 45%, US$5,238 would be withheld for taxes and 107 shares would be delivered to the participant (US$11,640 – US$5,238 = US$6,402, US$6,402/US$60.00 = 107). The participant now owns 107 shares of Wells Fargo common stock. The participant can sell these shares immediately or hold them. The value of the vested award will be shown on the participant's W-2 statement at the end of the year.*

The value of any fractional share amount created as a result of withholding will be added to the federal tax withholding amount. The company will not issue fractional shares.

What happens to the dividends?

RSRs do not represent shares of Wells Fargo common stock, so participants will not receive cash or stock dividends on their RSRs. However, if determined by the HRC and reflected in applicable award terms, participants may receive dividend equivalents in the form of additional RSRs to reflect dividends paid on Wells Fargo common stock. Any additional RSRs will be distributed according to the original vesting schedule for the underlying RSRs, subject to the same conditions. In general, for participants paid on a U.S.-based payroll system, there is no tax consequence as a result of crediting of dividend equivalents until they vest.

Where can participants find out more about the long-term incentive plan?

The general provisions governing long-term incentive awards can be found in the Long-Term Incentive Compensation Plan document and Prospectus on Teamworks (use search or Sites A-Z to find Long-Term Incentive Compensation Plan). These documents can be found on the About LTICP page under Plan Resources. This plan outlines provisions including the definition of retirement. The actual terms and conditions of any specific award are approved by the HRC and are reflected in an award agreement issued to the participant. The award agreement can be accessed through the administrator's website at Computershare at: computershare.com/employee/us

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This document is intended for general information purposes only; it is not intended to be a complete description of the Wells Fargo & Company Long-Term Incentive Compensation Plan (LTICP) or any awards that may be granted under the LTICP. Awards under the LTICP will in all cases be conditioned upon and subject to the approval of the HRC and be subject to such terms and conditions as approved by the HRC in accordance with the provisions of the LTICP and reflected in the applicable award agreement. If any information in this communication conflicts with the LTICP, any applicable award agreement, or the LTICP Prospectus, the terms of the official LTICP document will govern in all cases. Wells Fargo & Company reserves the right to amend, modify, or terminate the LTICP at any time. In addition, the issuance of Common Stock or other payment of an Award under the LTICP is subject to compliance by Wells Fargo and LTICP participants with all legal requirements applicable thereto, including compliance with the requirements of 12 C.F.R. Part 359 and tax withholding obligations, and with all applicable regulations of any stock exchange on which the Common Stock may be listed at the time of issuance. The HRC may reduce, delay vesting, modify, revoke, cancel, impose additional conditions and restrictions on or recover all or a portion of any Award if the HRC deems it necessary or advisable to comply with applicable laws, rules and regulations. Please refer to the LTICP Prospectus for more information.

*The summary generally describes certain U.S. federal income tax consequences of RSR awards. This summary is general in nature and is not intended to cover all tax consequences that may apply to participants. The tax consequences related to RSR awards can be complex and will vary by individual and in accordance with the laws of the applicable jurisdiction where a participant is employed. Participants are strongly urged to consult their personal tax advisor with respect to any award they might receive.