# Form **8937**

(December 2017)

Department of the Treasury
Internal Revenue Service

## Report of Organizational Actions Affecting Basis of Securities

► See separate instructions.

OMB No. 1545-0123

Internal Revenue Service		, 000 coparate means	
Part I Reporting I	ssuer		Land Carlotte Attack to the Control of Carlotte
1 Issuer's name		2 Issuer's employer identification number (EIN)	
WELLS FARGO & COMPAI	NY ("WFC")	41-0449260	
Name of contact for additional information     Telephone No. of contact			5 Email address of contact
WFC - INVESTOR RELATIONS DEPARTMENT 1-415-371-2921			investorrelations@wellsfargo.com
6 Number and street (or P	.O. box if mail is not d	7 City, town, or post office, state, and ZIP code of contact	
420 MONTGOMERY STREE	ET	SAN FRANCISCO, CA 94104	
8 Date of action		9 Classification and description	
SEE ATTACHMENT		SEC. 305(c) DEEMED DISTRIBUTION	ON & COST BASIS ADJ. ON WFC GLOBAL WARRANTS
10 CUSIP number	11 Serial number(s)	12 Ticker symbol	13 Account number(s)
949746119	N/A	WFC WS	N/A
Part II Organization	onal Action Attach	additional statements if needed. S	See back of form for additional questions.
14 Describe the organiza	tional action and, if ap	plicable, the date of the action or the da	ate against which shareholders' ownership is measured for
the action ► SEE AT			
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Share or as a percent	SEI	ATTACHMENT	
Describe the calculativaluation dates ► SE		sis and the data that supports the calc	sulation, such as the market values of securities and the
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Part	ш	Organizationai	Action (continuea)			
		applicable Internal	Revenue Code section	s(s) and subsection(s) upo	on which the tax treatment is base	d ► <u>SEE ATTACHMENT</u>
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<b>19</b> F	Provide	any other informati	ion necessary to imple	ment the adjustment our	h as the reportable tax year ▶ <u>SE</u>	E ATTAQUIMENT
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	Print	your name ► JAMES	HORTON		Title ► SVP &	CORPORATE TAX DIRECTOR
Paid		Print/Type preparer's	s name	Preparer's signature	Date	Check if PTIN
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### WELLS FARGO & COMPANY ("WFC")

Attachment to IRS Form 8937
Date of Organizational Action: May 4, 2018
Adjustments to the Exercise Price for Global Warrants
CUSIP Number 949746119; Symbol: WFC WS

<u>DISCLOSURE REGARDING TAX ADVICE:</u> The information contained herein does not constitute tax advice and does not purport to be complete or describe the consequences that may apply to all categories of holders of the Global Warrants. Each holder is advised to consult his or her tax advisor regarding the tax treatment of the warrant adjustments.

Further information regarding the warrant adjustments, including prior adjustments, can be found in the "Warrant Notice" on the Wells Fargo & Company Investor Relations webpage, which is available under the "Related Information" topics located at: https://www.wellsfargo.com/about/investor-relations/stock-price-and-dividends/

#### Part II Box 14

Pursuant to Section 12(B) of the Warrant Agreement dated May 20, 2010, certain distributions to the Common Stock holders of WFC may result in an adjustment to the Exercise Price and Warrant Share Number for the Global Warrants. The Warrant Share Number and the Exercise Price (each as defined in the Warrant Certificate) for the Global Warrants are subject to adjustment upon the occurrence of certain events, including in the event WFC fixes a record date for and pays a regular quarterly cash dividend to holders of WFC's common stock in excess of \$0.34 per share (as adjusted for any stock split, stock dividend, reverse stock split, reclassification or similar transaction).

On April 24, 2018, WFC announced that the Board of Directors of WFC declared a quarterly common stock dividend of \$0.39 per share payable on June 1, 2018, to stockholders of record as of May 4, 2018. Immediately after the record date of May 4, 2018, the Exercise Price for the Global Warrants was reduced from \$33.675 to \$33.643.

The April 24, 2018, common stock dividend declaration did not result in a change in the Warrant Share Number for the Global Warrants, similar to the change that occurred on August 5, 2016. See the table providing historical information at the end of this Addendum.

#### Part II Box 15

Wells Fargo & Company expects the adjustment to the Global Warrants to be treated for U.S. federal income tax purposes under I.R.C. Section 305(c) as a taxable dividend distribution in an amount equal to the fair market value of the incremental stock rights attributable to the adjustment to the Exercise Price. For Form 1099-DIV reporting purposes, although there is no clear IRS guidance, WFC has decided to report this deemed dividend distribution as a qualified dividend distribution. Warrant holders who are U.S. taxpayers would need to determine if they met the required holding period to recognize the deemed distribution as a qualified dividend.

As a result of the treatment of the adjustment to the Global Warrants as a dividend distribution, a holder's tax basis in his or her Global Warrants should increase by the amount of such dividend distribution. Further, the amount of such dividend distribution and the increase to basis in the Global Warrants is calculated to be \$0.030 per warrant as described below.

#### Part II Box 16

Consistent with the Proposed Treasury Regulations Section 1.305-7(c)(4), the calculation of the deemed dividend amount and the corresponding change to basis per Global Warrant is determined to be the excess of (i) the fair market value of a Global Warrant immediately after the adjustment over (ii) the fair market value of a Global Warrant as if no adjustment had occurred.

The fair market value of a Global Warrant immediately after the adjustment is determined in reference to a May 4, 2018, calculated price using a Black-Scholes option pricing model with pricing inputs, including volatility, the risk free return, WFC's stock price, WFC's dividend yield, and the remaining term of the Warrants as of May 4, 2018, including both the adjusted Exercise Price and the adjusted Warrant Share Number receivable upon exercise.

The fair market value of a Global Warrant without the applicable adjustment is determined in reference to that same model with the option pricing inputs held constant but using the Exercise Price without the May 4, 2018 adjustment.

#### Part II Box 17

Section 305(c) of the Internal Revenue Code of 1986, as amended.

#### Part II Box 18

No loss can be recognized.

#### Part II Box 19

The warrant adjustment was effective immediately after May 4, 2018. Consequently, the reportable taxable year for the holders of the Global Warrants for reporting the dividend income is the taxable year that includes May 4, 2018. Basis adjustment occurs in the same year but the effect of the basis adjustment will be recognized in the year in which the holder disposes of the warrants or the warrants lapse.

The following table summarizes the impact to the tax basis of each warrant for the warrant holder of record on the adjustment dates in 2016 and going forward, based on the aforementioned Proposed Regulation Section 1.305-7(c)(4):

Adjustment Date	Amount of Basis Adjustment
February 5, 2016	\$0.014
May 6, 2016	\$0.017
August 5, 2016	\$0.388*
November 4, 2016	\$0.016
February 3, 2017	\$0.019
May 5, 2017	\$0.019
August 4, 2017	\$0.025
November 3, 2017	\$0.026
February 2, 2018	\$0.023
May 4, 2018	\$0.030

<sup>\*</sup>This basis adjustment amount was higher than other quarters because the conversion ratio was increased from 1.00 to 1.01. This change in the conversion ratio was based on the cumulative carry-forward changes discussed in Section 12(E) of the Warrant Agreement which does not require a change in the conversion ratio until all prior changes, after rounding, meet the next 1/100th of a share threshold.