

WELLS FARGO & COMPANY/MN
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The information in this preliminary pricing supplement is not complete and may be changed. This preliminary pricing supplement and the accompanying market measure supplement, prospectus supplement and prospectus are not an offer to sell these securities and we are not soliciting an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.

Subject To
Completion,
dated August
31, 2018

PRICING
SUPPLEMENT
No. 112 dated
September ,
2018

(To Market
Measure
Supplement
dated May 18,
2018,

Prospectus
Supplement
dated January
24, 2018

and Prospectus
dated April 27,
2018)

Wells Fargo & Company
Medium-Term Notes, Series S
ETF Linked Securities

Market Linked Securities—Auto-Callable with Fixed Percentage Buffered Downside
Principal at Risk Securities Linked to the Energy Select Sector SPDR® **Fund due October 4,
2021**

Linked to the Energy Select Sector SPDR® Fund

Unlike ordinary debt securities, the securities do not pay interest, do not repay a fixed amount of principal at maturity and are subject to potential automatic call upon the terms described below. Any return you receive on the securities and whether they are automatically called will

depend on the performance of the Fund

Automatic Call. If the fund closing price of the Fund on any call date is greater than or equal to the starting price, we will automatically call the securities for the original offering price plus the call premium applicable to that call date

Call Date	Call Premium*
3-Oct-19	7.75% – 8.75% of the original offering price
5-Oct-20	15.50% – 17.50% of the original offering price
September 27, 2021 (the “ <u>final calculation day</u> ”)	23.25% – 26.25% of the original offering price

* The actual call premium applicable to each call date will be determined on the pricing date

Maturity Payment Amount. If the securities are not automatically called prior to the final calculation day, the maturity payment amount will be based upon the fund closing price of the Fund on the final calculation day and could be greater than, equal to or less than the original offering price per security as follows:

If the fund closing price of the Fund on the final calculation day is greater than or equal to the starting price, the securities will be automatically called for the original offering price plus the call premium applicable to the final calculation day described above

If the fund closing price of the Fund on the final calculation day is less than the starting price, but not by more than 10%, you will receive the original offering price of your securities at maturity

If the fund closing price of the Fund on the final calculation day is less than the starting price by more than 10%, you will receive less than the original offering price and have 1-to-1 downside exposure to the decrease in the price of the Fund in excess of 10%

Investors may lose up to 90% of the original offering price

Any positive return on the securities will be limited to the applicable call premium, even if the fund closing price of the Fund on the applicable call date significantly exceeds the starting price. You will not participate in any appreciation of the Fund beyond the applicable fixed call premium.

All payments on the securities are subject to the credit risk of Wells Fargo & Company, and you will have no ability to pursue the shares of the Fund or any securities held by the Fund for payment; if Wells Fargo & Company defaults on its obligations, you could lose some or all of your investment

No periodic interest or dividends

No exchange listing; designed to be held to maturity

On the date of this preliminary pricing supplement, the estimated value of the securities is approximately \$952.97 per security. While the estimated value of the securities on the pricing date may differ from the estimated value set forth above, we do not expect it to differ significantly absent a material change in market conditions or other relevant factors. In no event will the estimated value of the securities on the pricing date be less than \$932.97 per security. The estimated value of the securities was determined for us by Wells Fargo Securities, LLC using its proprietary pricing models. It is not an indication of actual profit to us or to Wells Fargo Securities, LLC or any of our other affiliates, nor is it an indication of the price, if any, at which Wells Fargo Securities, LLC or any other person may be willing to buy the securities from you at any time after issuance. See “Investment Description” in this pricing supplement.

The securities have complex features and investing in the securities involves risks not associated with an investment in conventional debt securities. See “Risk Factors” herein on page PRS-11.

The securities are unsecured obligations of Wells Fargo & Company, and all payments on the securities are subject to the credit risk of Wells Fargo & Company. If Wells Fargo & Company defaults on its obligations, you could lose some or all of your investment. The securities are not deposits or other obligations of a depository institution and are not insured by the Federal Deposit Insurance Corporation, the Deposit Insurance Fund or any other governmental agency of the United States or any other jurisdiction.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this pricing supplement or the accompanying market measure supplement, prospectus supplement and prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

	Original Offering Price	Agent Discount⁽¹⁾	Proceeds to Wells Fargo
Per Security	\$1,000.00	\$18.25	\$981.75
Total			

Wells Fargo Securities, LLC, a wholly owned subsidiary of Wells Fargo & Company, is the agent for the (1)distribution of the securities and is acting as principal. See "Investment Description" in this pricing supplement for further information.

Wells Fargo Securities

Market Linked Securities—Auto-Callable with Fixed Percentage Buffered Downside

Principal at Risk Securities Linked to the Energy Select Sector SPDR® Fund due October 4, 2021

Terms of the Securities

Issuer: Wells Fargo & Company (“Wells Fargo”).

Market Measure: Energy Select Sector SPDR® Fund (the “Fund”).

Pricing Date: September 28, 2018.*

Issue Date: October 3, 2018.* (T+3)

Original Offering Price: \$1,000 per security. References in this pricing supplement to a “security” are to a security with a face amount of \$1,000.

If the fund closing price of the Fund on any call date (including the final calculation day) is greater than or equal to the starting price, the securities will be automatically called, and on the related call settlement date you will be entitled to receive a cash payment per security in U.S. dollars equal to the original offering price per security plus the call premium applicable to the relevant call date. The last call date is the final calculation day, and payment upon an automatic call on the final calculation day, if applicable, will be made on the stated maturity date.

Automatic

Call: **Any positive return on the securities will be limited to the applicable call premium, even if the fund closing price of the Fund on the applicable call date significantly exceeds the starting price. You will not participate in any appreciation of the Fund beyond the applicable call premium.**

If the securities are automatically called, they will cease to be outstanding on the related call settlement date and you will have no further rights under the securities after such call settlement date. You will not receive any notice from us if the securities are automatically called.

Call Dates and Call Premiums:

<u>Call Date</u>	<u>Call Premium</u>	<u>Payment per Security upon</u>
		<u>an Automatic Call</u>
October 3, 2019*	7.75% – 8.75% of the original offering price	\$1,077.50 – \$1,087.50
October 5, 2020*	15.50% – 17.50% of the original offering price	\$1,155.00 – \$1,175.00
September 27, 2021*	23.25% – 26.25% of the original offering price	\$1,232.50 – \$1,262.50

The actual call premium and payment per security upon an automatic call that is applicable to each call date will be determined on the pricing date and will be within the ranges specified in the foregoing table.

We refer to September 27, 2021* as the “final calculation day.”

The call dates are subject to postponement for non-trading days and the occurrence of a market disruption event. See “—Postponement of a Calculation Day” below.

Call Settlement Date: Five business days after the applicable call date (as each such call date may be postponed pursuant to “—Postponement of a Calculation Day” below, if applicable); *provided* that the call settlement date for the last call date is the stated maturity date.

Stated Maturity Date: October 4, 2021*. If the final calculation day is postponed, the stated maturity date will be the later of (i) October 4, 2021* and (ii) three business days after the final calculation day as postponed. See “—Postponement of a Calculation Day” below. If the stated maturity date is not a business day, the payment to be made on the stated maturity date will be made on the next succeeding business day with the same force and effect as if it had been made on the stated maturity date. The securities are not subject to repayment at the option of any holder of the securities prior to the stated maturity date.

*To the extent that we make any change to the expected pricing date or expected issue date, the call dates and stated maturity date may also be changed in our discretion to ensure that the term of the securities remains the same.

Market Linked Securities—Auto-Callable with Fixed Percentage Buffered Downside

Principal at Risk Securities Linked to the Energy Select Sector SPDR® Fund due October 4, 2021

If the securities are not automatically called prior to the final calculation day, then on the stated maturity date you will be entitled to receive a cash payment per security in U.S. dollars equal to the maturity payment amount. The “maturity payment amount” will be calculated as follows:

if the ending price is greater than or equal to the starting price: \$1,000 *plus* the call premium applicable to the final calculation day as described above under “Call Dates and Call Premiums;”

if the ending price is less than the starting price but greater than or equal to the threshold price: \$1,000; or

Maturity Payment Amount: if the ending price is less than the threshold price: \$1,000 *minus*:

If the securities are not automatically called prior to the final calculation day and the ending price is less than the threshold price, you will receive less, and possibly 90% less, than the original offering price of your securities at maturity.

All calculations with respect to any payments on the securities (whether upon automatic call or at maturity) will be rounded to the nearest one hundred-thousandth, with five one-millionths rounded upward (e.g., 0.000005 would be rounded to 0.00001); and such payment will be rounded to the nearest cent, with one-half cent rounded upward.

Fund Closing Price: The “fund closing price” with respect to the Fund on any trading day means the product of (i) the closing price of one share of the Fund (or one unit of any other security for which a fund closing price must be determined) on such trading day and (ii) the adjustment factor applicable to the Fund on such trading day.

Closing Price: The “closing price” for one share of the Fund (or one unit of any other security for which a closing price must be determined) on any trading day means the official closing price on such day published by the principal United States securities exchange registered under the Securities Exchange Act of 1934, as amended, on which the Fund (or any such other security) is listed or admitted to trading.

Adjustment Factor: The “adjustment factor” means, with respect to a share of the Fund (or one unit of any other security for which a fund closing price must be determined), 1.0, subject to adjustment in the

event of certain events affecting the shares of the Fund. See “Additional Terms of the Securities—Anti-dilution Adjustments Relating to the Fund; Alternate Calculation” below.

Starting Price: \$, which is the fund closing price of the Fund on the pricing date.

Ending Price: The “ending price” will be the fund closing price of the Fund on the final calculation day.

Threshold Price: \$, which is equal to 90% of the starting price.

The call dates (including the final calculation day) are each referred to as a “calculation day.” If any calculation day is not a trading day (as defined below), such calculation day will be postponed to the next succeeding trading day. A calculation day is also subject to postponement due to the occurrence of a market disruption event. See “Additional Terms of the Securities—Market Disruption Events.”

Postponement of a Calculation Day:

Calculation Agent: Wells Fargo Securities, LLC

No Listing: The securities will not be listed on any securities exchange or automated quotation system.

Material Tax Consequences: For a discussion of the material U.S. federal income and certain estate tax consequences of the ownership and disposition of the securities, see “United States Federal Tax Considerations.”

Market Linked Securities—Auto-Callable with Fixed Percentage Buffered Downside

Principal at Risk Securities Linked to the Energy Select Sector SPDR® Fund due October 4, 2021

Wells Fargo Securities, LLC, a wholly owned subsidiary of Wells Fargo & Company. The agent may resell the securities to other securities dealers at the original offering price of the securities less a concession not in excess of \$17.50 per security. Such securities dealers may include Wells Fargo Advisors (“WFA”) (the trade name of the retail brokerage business of our affiliates, Wells Fargo Clearing Services, LLC and Wells Fargo Advisors Financial Network, LLC). In addition to the concession allowed to WFA, WFS will pay \$0.75 per security of the agent’s discount to WFA as a distribution expense fee for each security sold by WFA.

Agent:

The agent or another affiliate of ours expects to realize hedging profits projected by its proprietary pricing models to the extent it assumes the risks inherent in hedging our obligations under the securities. If any dealer participating in the distribution of the securities or any of its affiliates conducts hedging activities for us in connection with the securities, that dealer or its affiliate will expect to realize a profit projected by its proprietary pricing models from such hedging activities. Any such projected profit will be in addition to any discount, concession or distribution expense fee received in connection with the sale of the securities to you.

Denominations: \$1,000 and any integral multiple of \$1,000.

CUSIP: 95001B6J8

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Market Linked Securities—Auto-Callable with Fixed Percentage Buffered Downside

Principal at Risk Securities Linked to the Energy Select Sector SPDR® Fund due October 4, 2021

Investment Description

The Principal at Risk Securities Linked to the Energy Select Sector SPDR® Fund due October 4, 2021 (the “securities”) are senior unsecured debt securities of Wells Fargo that do not pay interest, do not repay a fixed amount of principal at stated maturity and are subject to potential automatic call upon the terms described in this pricing supplement. The return you receive on the securities and whether they are automatically called will depend on the performance of the Fund. The securities provide:

- (i) the possibility of an automatic early call of the securities at a fixed call premium if the fund closing price of the Fund on either of the first two call dates is greater than or equal to the starting price; and
 - (ii) if the securities are not automatically called prior to the final calculation day:
 - (a) the possibility of a return equal to the call premium applicable to the final calculation day if the fund closing price of the Fund on the final calculation day is greater than or equal to the starting price;
- (b) repayment of the original offering price if, **and only if**, the fund closing price of the Fund on the final calculation day is not less than the starting price by more than 10%; and
- (c) exposure to decreases in the price of the Fund if and to the extent the fund closing price of the Fund on the final calculation day is less than the starting price by more than 10%.

If the fund closing price of the Fund is less than the starting price on each of the three call dates (including the final calculation day), you will not receive any positive return on your investment in the securities. If the fund closing price of the Fund on the final calculation day is less than the starting price by more than 10%, you will receive less, and possibly 90% less, than the original offering price of your securities at maturity.

Any positive return on the securities will be limited to the applicable call premium, even if the fund closing price of the Fund on the applicable call date exceeds the starting price by more than percentage represented by that call premium. You will not participate in any appreciation of the Fund beyond the applicable fixed call premium.

All payments on the securities are subject to the credit risk of Wells Fargo.

The Fund is an exchange traded fund that seeks to track the Energy Select Sector Index, an equity index that is intended to provide investors with a way to track the movements of certain public companies that represent the energy sector of the S&P 500® Index.

You should read this pricing supplement together with the market measure supplement dated May 18, 2018, the prospectus supplement dated January 24, 2018 and the prospectus dated April 27, 2018 for additional information about the securities. When you read the accompanying prospectus supplement, please note that all references in such supplement to the prospectus dated November 3, 2017, or to any sections therein, should refer instead to the accompanying prospectus dated April 27, 2018 or to the corresponding sections of such prospectus, as applicable. Information included in this pricing supplement supersedes information in the market measure supplement, prospectus supplement and prospectus to the extent it is different from that information. Certain defined terms used but not defined herein have the meanings set forth in the prospectus supplement.

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You may access the market measure supplement, prospectus supplement and prospectus on the SEC website www.sec.gov as follows (or if such address has changed, by reviewing our filing for the relevant date on the SEC website):

- Market Measure Supplement dated May 18, 2018:
<https://www.sec.gov/Archives/edgar/data/72971/000119312518167616/d593569d424b2.htm>

- Prospectus Supplement dated January 24, 2018:
<https://www.sec.gov/Archives/edgar/data/72971/000119312518018256/d466041d424b2.htm>

- Prospectus dated April 27, 2018:
<https://www.sec.gov/Archives/edgar/data/72971/000119312518136909/d557983d424b2.htm>

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Market Linked Securities—Auto-Callable with Fixed Percentage Buffered Downside

Principal at Risk Securities Linked to the Energy Select Sector SPDR® Fund due October 4, 2021

The original offering price of each security of \$1,000 includes certain costs that are borne by you. Because of these costs, the estimated value of the securities on the pricing date will be less than the original offering price. The costs included in the original offering price relate to selling, structuring, hedging and issuing the securities, as well as to our funding considerations for debt of this type.

The costs related to selling, structuring, hedging and issuing the securities include (i) the agent discount (if any), (ii) the projected profit that our hedge counterparty (which may be one of our affiliates) expects to realize for assuming risks inherent in hedging our obligations under the securities and (iii) hedging and other costs relating to the offering of the securities.

Our funding considerations take into account the higher issuance, operational and ongoing management costs of market-linked debt such as the securities as compared to our conventional debt of the same maturity, as well as our liquidity needs and preferences. Our funding considerations are reflected in the fact that we determine the economic terms of the securities based on an assumed funding rate that is generally lower than the interest rates implied by secondary market prices for our debt obligations and/or by other traded instruments referencing our debt obligations, which we refer to as our “secondary market rates.” As discussed below, our secondary market rates are used in determining the estimated value of the securities.

If the costs relating to selling, structuring, hedging and issuing the securities were lower, or if the assumed funding rate we use to determine the economic terms of the securities were higher, the economic terms of the securities would be more favorable to you and the estimated value would be higher. The estimated value of the securities as of the pricing date will be set forth in the final pricing supplement.

Determining the estimated value

Our affiliate, Wells Fargo Securities, LLC (“WFS”), calculated the estimated value of the securities set forth on the cover page of this pricing supplement based on its proprietary pricing models. Based on these pricing models and related market inputs and assumptions referred to in this section below, WFS determined an estimated value for the securities by estimating the value of the combination of hypothetical financial instruments that would replicate the payout on the securities, which combination consists of a non-interest bearing, fixed-income bond (the “debt component”) and one or more derivative instruments underlying the economic terms of the securities (the “derivative component”).

The estimated value of the debt component is based on a reference interest rate, determined by WFS as of a recent date, that generally tracks our secondary market rates. Because WFS does not continuously calculate our reference interest rate, the reference interest rate used in the calculation of the estimated value of the debt component may be higher or lower than our secondary market rates at the time of that calculation. As noted above, we determine the economic terms of the securities based upon an assumed funding rate that is generally lower than our secondary market rates. In contrast, in determining the estimated value of the securities, we value the debt component using a reference interest rate that generally tracks our secondary market rates. Because the reference interest rate is generally higher than the assumed funding rate, using the reference interest rate to value the debt component generally results in a lower estimated value for the debt component, which we believe more closely approximates a market valuation of

the debt component than if we had used the assumed funding rate.

WFS calculated the estimated value of the derivative component based on a proprietary derivative-pricing model, which generated a theoretical price for the derivative instruments that constitute the derivative component based on various inputs, including the “derivative component factors” identified in “Risk Factors—The Value Of The Securities Prior To Stated Maturity Will Be Affected By Numerous Factors, Some Of Which Are Related In Complex Ways.” These inputs may be market-observable or may be based on assumptions made by WFS in its discretion.

The estimated value of the securities determined by WFS is subject to important limitations. See “Risk Factors—The Estimated Value Of The Securities Is Determined By Our Affiliate’s Pricing Models, Which May Differ From Those Of Other Dealers” and “—Our Economic Interests And Those Of Any Dealer Participating In The Offering Are Potentially Adverse To Your Interests.”

Valuation of the securities after issuance

The estimated value of the securities is not an indication of the price, if any, at which WFS or any other person may be willing to buy the securities from you in the secondary market. The price, if any, at which WFS or any of its affiliates may purchase the securities in the secondary market will be based upon WFS’s proprietary pricing models and will fluctuate over the term of the securities due to changes in market conditions and other relevant factors. However, absent changes in these market conditions and other relevant factors, except as otherwise described in the following paragraph, any secondary market price will be lower than the estimated value on the pricing date because the secondary market price will be reduced by a bid-offer spread, which may vary depending on the aggregate face amount of the securities to be purchased in the secondary market transaction, and the expected cost of unwinding any related hedging transactions. Accordingly, unless market conditions and other relevant factors change significantly in your favor, any secondary market price for the securities is likely to be less than the original offering price.

If WFS or any of its affiliates makes a secondary market in the securities at any time up to the issue date or during the 3-month period following the issue date, the secondary market price offered by WFS or any of its affiliates will be increased by an amount reflecting a portion of the costs associated with selling, structuring, hedging and issuing the securities that are included in the original offering price. Because this portion of the costs is not fully deducted upon issuance, any secondary market price offered by WFS or any of its affiliates during this period will be higher than it would be if it were based solely on WFS’s proprietary pricing models less the bid-offer

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Market Linked Securities—Auto-Callable with Fixed Percentage Buffered Downside

Principal at Risk Securities Linked to the Energy Select Sector SPDR® Fund due October 4, 2021

spread and hedging unwind costs described above. The amount of this increase in the secondary market price will decline steadily to zero over this 3-month period. If you hold the securities through an account at WFS or any of its affiliates, we expect that this increase will also be reflected in the value indicated for the securities on your brokerage account statement.

If WFS or any of its affiliates makes a secondary market in the securities, WFS expects to provide those secondary market prices to any unaffiliated broker-dealers through which the securities are held and to commercial pricing vendors. If you hold your securities through an account at a broker-dealer other than WFS or any of its affiliates, that broker-dealer may obtain market prices for the securities from WFS (directly or indirectly), but could also obtain such market prices from other sources, and may be willing to purchase the securities at any given time at a price that differs from the price at which WFS or any of its affiliates is willing to purchase the securities. As a result, if you hold your securities through an account at a broker-dealer other than WFS or any of its affiliates, the value of the securities on your brokerage account statement may be different than if you held your securities at WFS or any of its affiliates.

The securities will not be listed or displayed on any securities exchange or any automated quotation system. Although WFS and/or its affiliates may buy the securities from investors, they are not obligated to do so and are not required to make a market for the securities. There can be no assurance that a secondary market will develop.

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Market Linked Securities—Auto-Callable with Fixed Percentage Buffered Downside

Principal at Risk Securities Linked to the Energy Select Sector SPDR® Fund due October 4, 2021

Investor Considerations

We have designed the securities for investors who:

believe that the fund closing price of the Fund will be greater than or equal to the starting price on one of the three call dates;

seek the potential for a fixed return if the Fund has appreciated at all as of any of the three call dates in lieu of full participation in any potential appreciation of the Fund;

understand that if the fund closing price of the Fund is less than the starting price on each of the three call dates (including the final calculation day), they will not receive any positive return on their investment in the securities, and that if the fund closing price of the Fund on the final calculation day is less than the starting price by more than 10%, they will receive less, and possibly 90% less, than the original offering price per security at maturity;

understand that the term of the securities may be as short as approximately one year and that they will not receive a higher call premium payable with respect to a later call date if the securities are called on an earlier call date;

are willing to forgo interest payments on the securities and dividends on shares of the Fund; and

are willing to hold the securities until maturity.

The securities are not designed for, and may not be a suitable investment for, investors who:

seek a liquid investment or are unable or unwilling to hold the securities to maturity;

require full payment of the original offering price of the securities at stated maturity;

believe that the fund closing price of the Fund will be less than the starting price on each of the three call dates;

seek a security with a fixed term;

are unwilling to accept the risk that, if the fund closing price of the Fund is less than the starting price on each of the three call dates (including the final calculation day), they will not receive any positive return on their investment in the securities;

are unwilling to accept the risk that the fund closing price of the Fund may decrease by more than 10% from the starting price to the ending price;

are unwilling to purchase securities with an estimated value as of the pricing date that is lower than the original offering price and that may be as low as the lower estimated value set forth on the cover page;

seek current income;

are unwilling to accept the risk of exposure to companies in the energy industry;

seek exposure to the upside performance of the Fund beyond the applicable call premiums;

are unwilling to accept the credit risk of Wells Fargo; or

prefer the lower risk of fixed income investments with comparable maturities issued by companies with comparable credit ratings.

Market Linked Securities—Auto-Callable with Fixed Percentage Buffered Downside

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Determining Timing and Amount of Payment on the Securities

The timing and amount of the payment you will receive will be determined as follows:

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Market Linked Securities—Auto-Callable with Fixed Percentage Buffered Downside

Principal at Risk Securities Linked to the Energy Select Sector SPDR® Fund due October 4, 2021

Hypothetical Payout Profile

The following profile illustrates the potential payment on the securities for a range of hypothetical percentage changes in the fund closing price of the Fund from the pricing date to the applicable call date (including the final calculation day). The profile is based on a hypothetical call premium of 8.25% for the first call date, 16.50% for the second call date and 24.75% for the final call date (based on the midpoint of the ranges specified for the call premiums) and a threshold price equal to 90% of the starting price. This profile has been prepared for purposes of illustration only. Your actual return will depend on (i) whether the securities are automatically called; (ii) if the securities are automatically called, the actual call premium and the actual call date on which the securities are called; (iii) if the securities are not automatically called, the actual ending price of the Fund; and (iv) whether you hold your securities to maturity or earlier automatic call.

Market Linked Securities—Auto-Callable with Fixed Percentage Buffered Downside

Principal at Risk Securities Linked to the Energy Select Sector SPDR® Fund due October 4, 2021

Risk Factors

The securities have complex features and investing in the securities will involve risks not associated with an investment in conventional debt securities. You should carefully consider the risk factors set forth below as well as the other information contained in this pricing supplement and the accompanying market measure supplement, prospectus supplement and prospectus, including the documents they incorporate by reference. As described in more detail below, the value of the securities may vary considerably before the stated maturity date due to events that are difficult to predict and are beyond our control. You should reach an investment decision only after you have carefully considered with your advisors the suitability of an investment in the securities in light of your particular circumstances. The index underlying the Fund is sometimes referred to as the “underlying index.”

If The Securities Are Not Automatically Called And The Ending Price Is Less Than The Threshold Price, You Will Receive Less, And Possibly 90% Less, Than The Original Offering Price Of Your Securities At Maturity.

We will not repay you a fixed amount on the securities at stated maturity. If the fund closing price of the Fund is less than the starting price on each of the three call dates, the securities will not be automatically called, and you will receive a maturity payment amount that will be equal to or less than the original offering price per security, depending on the ending price (i.e., the fund closing price of the Fund on the final calculation day).

If the ending price is less than the threshold price, the maturity payment amount will be reduced by an amount equal to the decline in the price of the Fund to the extent it is below the threshold price (expressed as a percentage of the starting price). The threshold price is 90% of the starting price. As a result, you may receive less, and possibly 90% less, than the original offering price per security at stated maturity, even if the price of the Fund is greater than or equal to the starting price or the threshold price at certain times during the term of the securities.

If the securities are not automatically called, your return on the securities will be zero or negative, and therefore will be less than the return you would earn if you bought a traditional interest-bearing debt security of Wells Fargo or another issuer with a similar credit rating with the same stated maturity date.

No Periodic Interest Will Be Paid On The Securities.

No periodic payments of interest will be made on the securities. However, if the agreed-upon tax treatment is successfully challenged by the Internal Revenue Service (the “IRS”), you may be required to recognize taxable income over the term of the securities. You should review the section of this pricing supplement entitled “United States Federal Tax Considerations.”

The Potential Return On The Securities Is Limited To The Call Premium.

The potential return on the securities is limited to the applicable call premium, regardless of the performance of the Fund. The Fund may appreciate by significantly more than the percentage represented by the applicable call premium from the pricing date through the applicable call date, in which case an investment in the securities will underperform a hypothetical alternative investment providing a 1-to-1 return based on the performance of the Fund. In addition, you will not receive the value of dividends or other distributions paid with respect to the Fund. Furthermore, if the

securities are called on an earlier call date, you will receive a lower call premium than if the securities were called on a later call date, and accordingly, if the securities are called on one of the two earlier call dates, you will not receive the highest potential call premium.

You Will Be Subject To Reinvestment Risk.

If your securities are automatically called early, the term of the securities may be reduced to as short as approximately one year. There is no guarantee that you would be able to reinvest the proceeds from an investment in the securities at a comparable return for a similar level of risk in the event the securities are automatically called prior to maturity.

The Securities Are Subject To The Credit Risk Of Wells Fargo.

The securities are our obligations and are not, either directly or indirectly, an obligation of any third party. Any amounts payable under the securities are subject to our creditworthiness, and you will have no ability to pursue the shares of the Fund or any securities held by the Fund for payment. As a result, our actual and perceived creditworthiness may affect the value of the securities and, in the event we were to default on our obligations, you may not receive any amounts owed to you under the terms of the securities.

Holders Of The Securities Have Limited Rights Of Acceleration.

Payment of principal on the securities may be accelerated only in the case of payment defaults that continue for a period of 30 days or certain events of bankruptcy or insolvency, whether voluntary or involuntary. If you purchase the securities, you will have no right to accelerate the payment of principal on the securities if we fail in the performance of any of our obligations under the securities, other than the obligations to pay principal and interest on the securities. See “Description of Notes—Events of Default and Covenant Breaches” in the accompanying prospectus supplement.

Holders Of The Securities Could Be At Greater Risk For Being Structurally Subordinated If We Convey, Transfer Or Lease All Or Substantially All Of Our Assets To One Or More Of Our Subsidiaries.

Under the indenture, we may convey, transfer or lease all or substantially all of our assets to one or more of our subsidiaries. In that event, third-party creditors of our subsidiaries would have additional assets from which to recover on their claims while holders of the

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securities would be structurally subordinated to creditors of our subsidiaries with respect to such assets. See “Description of Notes—Consolidation, Merger or Sale” in the accompanying prospectus supplement.

The Estimated Value Of The Securities On The Pricing Date, Based On WFS’s Proprietary Pricing Models, Will Be Less Than The Original Offering Price.

The original offering price of the securities includes certain costs that are borne by you. Because of these costs, the estimated value of the securities on the pricing date will be less than the original offering price. The costs included in the original offering price relate to selling, structuring, hedging and issuing the securities, as well as to our funding considerations for debt of this type. The costs related to selling, structuring, hedging and issuing the securities include (i) the agent discount (if any), (ii) the projected profit that our hedge counterparty (which may be one of our affiliates) expects to realize for assuming risks inherent in hedging our obligations under the securities and (iii) hedging and other costs relating to the offering of the securities. Our funding considerations are reflected in the fact that we determine the economic terms of the securities based on an assumed funding rate that is generally lower than our secondary market rates. If the costs relating to selling, structuring, hedging and issuing the securities were lower, or if the assumed funding rate we use to determine the economic terms of the securities were higher, the economic terms of the securities would be more favorable to you and the estimated value would be higher.

The Estimated Value Of The Securities Is Determined By Our Affiliate’s Pricing Models, Which May Differ From Those Of Other Dealers.

The estimated value of the securities was determined for us by WFS using its proprietary pricing models and related market inputs and assumptions referred to above under “Investment Description—Determining the estimated value.” Certain inputs to these models may be determined by WFS in its discretion. WFS’s views on these inputs may differ from other dealers’ views, and WFS’s estimated value of the securities may be higher, and perhaps materially higher, than the estimated value of the securities that would be determined by other dealers in the market. WFS’s models and its inputs and related assumptions may prove to be wrong and therefore not an accurate reflection of the value of the securities.

The Estimated Value Of The Securities Is Not An Indication Of The Price, If Any, At Which WFS Or Any Other Person May Be Willing To Buy The Securities From You In The Secondary Market.

The price, if any, at which WFS or any of its affiliates may purchase the securities in the secondary market will be based on WFS’s proprietary pricing models and will fluctuate over the term of the securities as a result of changes in the market and other factors described in the next risk factor. Any such secondary market price for the securities will also be reduced by a bid-offer spread, which may vary depending on the aggregate face amount of the securities to be purchased in the secondary market transaction, and the expected cost of unwinding any related hedging transactions. Unless the factors described in the next risk factor change significantly in your favor, any such secondary market price for the securities is likely to be less than the original offering price.

If WFS or any of its affiliates makes a secondary market in the securities at any time up to the issue date or during the 3-month period following the issue date, the secondary market price offered by WFS or any of its affiliates will be

increased by an amount reflecting a portion of the costs associated with selling, structuring, hedging and issuing the securities that are included in the original offering price. Because this portion of the costs is not fully deducted upon issuance, any secondary market price offered by WFS or any of its affiliates during this period will be higher than it would be if it were based solely on WFS's proprietary pricing models less the bid-offer spread and hedging unwind costs described above. The amount of this increase in the secondary market price will decline steadily to zero over this 3-month period. If you hold the securities through an account at WFS or any of its affiliates, we expect that this increase will also be reflected in the value indicated for the securities on your brokerage account statement. If you hold your securities through an account at a broker-dealer other than WFS or any of its affiliates, the value of the securities on your brokerage account statement may be different than if you held your securities at WFS or any of its affiliates, as discussed above under "Investment Description—Valuation of the securities after issuance."

The Value Of The Securities Prior To Stated Maturity Will Be Affected By Numerous Factors, Some Of Which Are Related In Complex Ways.

The value of the securities prior to stated maturity will be affected by the then-current price of the Fund, interest rates at that time and a number of other factors, some of which are interrelated in complex ways. The effect of any one factor may be offset or magnified by the effect of another factor. The following factors, which we refer to as the "derivative component factors," are expected to affect the value of the securities. When we refer to the "value" of your security, we mean the value you could receive for your security if you are able to sell it in the open market before the stated maturity date.

Fund Performance. The value of the securities prior to maturity will depend substantially on the then-current price of the Fund. The price at which you may be able to sell the securities before stated maturity may be at a discount, which could be substantial, from their original offering price, if the price of the Fund at such time is less than, equal to or not sufficiently above the starting price or threshold price.

Interest Rates. The value of the securities may be affected by changes in the interest rates in the U.S. markets.

Volatility Of The Fund. Volatility is the term used to describe the size and frequency of market fluctuations. The value of the securities may be affected if the volatility of the Fund changes.

Time Remaining To Maturity. The value of the securities at any given time prior to maturity will likely be different from that which would be expected based on the then-current price of the Fund. This difference will most likely reflect a discount due to expectations and uncertainty concerning the price of the Fund during the period of time still remaining to the stated

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maturity date. In general, as the time remaining to maturity decreases, the value of the securities will approach the amount that would be payable at maturity based on the then-current price of the Fund.

Dividend Yields On Securities Included In The Fund. The value of the securities may be affected by the dividend yields on securities held by the Fund (the amount of such dividends may influence the closing price of the shares of the Fund).

In addition to the derivative component factors, the value of the securities will be affected by actual or anticipated changes in our creditworthiness, as reflected in our secondary market rates. The value of the securities will also be limited by the automatic call feature because if the securities are automatically called, the return will not be greater than the applicable call premium. You should understand that the impact of one of the factors specified above, such as a change in interest rates, may offset some or all of any change in the value of the securities attributable to another factor, such as a change in the price of the Fund. Because numerous factors are expected to affect the value of the securities, changes in the price of the Fund may not result in a comparable change in the value of the securities.

The Securities Will Not Be Listed On Any Securities Exchange And We Do Not Expect A Trading Market For The Securities To Develop.

The securities will not be listed or displayed on any securities exchange or any automated quotation system. Although the agent and/or its affiliates may purchase the securities from holders, they are not obligated to do so and are not required to make a market for the securities. There can be no assurance that a secondary market will develop. Because we do not expect that any market makers will participate in a secondary market for the securities, the price at which you may be able to sell your securities is likely to depend on the price, if any, at which the agent is willing to buy your securities.

If a secondary market does exist, it may be limited. Accordingly, there may be a limited number of buyers if you decide to sell your securities prior to stated maturity. This may affect the price you receive upon such sale. Consequently, you should be willing to hold the securities to stated maturity.

Historical Prices Of The Fund Or The Securities Included In The Fund Should Not Be Taken As An Indication Of The Future Performance Of The Fund During The Term Of The Securities.

The trading price of the shares of the Fund will determine the closing price of the Fund and, therefore, whether the securities will be automatically called on any of the call dates (including the final calculation day) or the amount payable to you at maturity. As a result, it is impossible to predict whether the fund closing price of the Fund will fall or rise compared to the starting price. The trading price of the shares of the Fund will be influenced by complex and interrelated political, economic, financial and other factors that can affect the markets in which the Fund and the securities comprising the Fund are traded and the values of the Fund and such securities. Accordingly, any historical prices of the Fund do not provide an indication of the future performance of the Fund.

An Investment In The Securities Is Subject To Risks Associated With Investing In Stocks In The Energy Sector.

The stocks included in the Energy Select Sector Index and that are generally tracked by the Fund are stocks of companies whose primary business is directly associated with the energy sector, including the following two sub-sectors: oil, gas and consumable fuels; and energy equipment and services. Because the value of the securities is linked to the performance of the Fund, an investment in the securities exposes investors to risks associated with investments in the stocks of companies in the energy sector.

Energy companies develop and produce crude oil and natural gas and/or provide drilling and other energy resources production and distribution related services. Stock prices for these types of companies are mainly affected by the business, financial and operating conditions of the particular company, as well as changes in prices for oil, gas and other types of fuels, which in turn largely depend on supply and demand for various energy products and services. Some of the factors that may influence supply and demand for energy products and services include: general economic conditions and growth rates; weather conditions; the cost of exploring for, producing and delivering oil and gas; technological advances affecting energy efficiency and energy consumption; the ability of the Organization of Petroleum Exporting Countries (OPEC) to set and maintain production levels of oil; currency fluctuations; inflation; natural disasters; civil unrest, acts of sabotage or terrorism; and other regional or global events. The profitability of energy companies may also be adversely affected by existing and future laws, regulations, government actions and other legal requirements relating to protection of the environment, health and safety matters and others that may increase the costs of conducting their business or may reduce or delay available business opportunities. Increased supply or weak demand for energy products and services, as well as various developments leading to higher costs of doing business or missed business opportunities, would adversely impact the performance of companies in the energy sector. The value of the securities may be subject to greater volatility and be more adversely affected by a single economic, political or regulatory occurrence affecting the energy sector or one of the sub-sectors of the energy sector than a different investment linked to a more broadly diversified group of issuers. All of these factors could have an adverse effect on the price of the Fund and, therefore, on the value of the securities.

In addition, the Fund is classified as “non-diversified.” A non-diversified fund generally may invest a larger percentage of its assets in the securities of a smaller number of companies. As a result, the Fund may be more susceptible to the risks associated with these particular companies, or to a single economic, political or regulatory occurrence affecting these companies.

The Fund May Not Be Representative Of An Investment In The Energy Sector.

The Fund does not represent a direct investment in the energy sector. The Fund consists of securities of companies whose primary lines of business are directly associated with the energy sector. As a result, the fund closing price of the Fund will be influenced by a variety of economic, financial and other factors affecting those companies, some of which may be unrelated to the market and other conditions

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applicable to the U.S. energy sector. As a result, the Fund may not perfectly correlate with the performance in the energy sector and the fund closing price of the Fund could decrease even if the performance of the energy sector as a whole increases.

Changes That Affect The Fund Or The Underlying Index May Adversely Affect The Value Of The Securities And The Amount You Will Receive At Stated Maturity.

The policies of the sponsor of the Fund (the “fund sponsor”) concerning the calculation of the Fund’s net asset value, additions, deletions or substitutions of securities in the Fund and the manner in which changes in the underlying index are reflected in the Fund, and changes in those policies, could affect the closing price of the shares of the Fund and, therefore, may affect the value of the securities, the likelihood of the occurrence of an automatic call and the amount payable at stated maturity. Similarly, the policies of the sponsor of the underlying index (the “underlying index sponsor”) concerning the calculation of the underlying index and the addition, deletion or substitution of securities comprising the underlying index and the manner in which the underlying index sponsor takes account of certain changes affecting such securities may affect the level of the underlying index and the closing price of the shares of the Fund and, therefore, may affect the value of the securities, the likelihood of the occurrence of an automatic call and the amount payable at stated maturity. The underlying index sponsor could also discontinue or suspend calculation or dissemination of the underlying index or materially alter the methodology by which it calculates the underlying index. Any such actions could adversely affect the value of the securities.

We Cannot Control Actions By Any Of The Unaffiliated Companies Whose Securities Are Included In The Fund Or The Underlying Index.

Actions by any company whose securities are included in the Fund or in the underlying index may have an adverse effect on the price of its security, the closing price of the Fund on any call date (including the final calculation day) and the value of the securities. We are not affiliated with any company whose security is represented in the Fund or the underlying index. These companies will not be involved in the offering of the securities and will have no obligations with respect to the securities, including any obligation to take our or your interests into consideration for any reason. These companies will not receive any of the proceeds of the offering of the securities and will not be responsible for, and will not have participated in, the determination of the timing of, prices for, or quantities of, the securities to be issued. These companies will not be involved with the administration, marketing or trading of the securities and will have no obligations with respect to any amounts to be paid to you on the securities.

We And Our Affiliates Have No Affiliation With The Fund Sponsor Or The Underlying Index Sponsor And Have Not Independently Verified Their Public Disclosure Of Information.

We and our affiliates are not affiliated in any way with the fund sponsor or the underlying index sponsor (collectively, the “sponsors”) and have no ability to control or predict their actions, including any errors in or discontinuation of disclosure regarding their methods or policies relating to the management or calculation of the Fund or the underlying index. We have derived the information about the sponsors, the Fund and the underlying index contained in this pricing supplement and the accompanying market measure supplement from publicly available information, without independent verification. You, as an investor in the securities, should make your own investigation into the Fund, the

underlying index and the sponsors. The sponsors are not involved in the offering of the securities made hereby in any way and have no obligation to consider your interests as an owner of the securities in taking any actions that might affect the value of the securities.

An Investment Linked To The Shares Of The Fund Is Different From An Investment Linked To The Underlying Index.

The performance of the shares of the Fund may not exactly replicate the performance of the underlying index because the Fund may not invest in all of the securities included in the underlying index and because the Fund will reflect transaction costs and fees that are not included in the calculation of the underlying index. The Fund may also hold securities or derivative financial instruments not included in the underlying index. It is also possible that the Fund may not fully replicate the performance of the underlying index due to the temporary unavailability of certain securities in the secondary market or due to other extraordinary circumstances. In addition, because the shares of the Fund are traded on a securities exchange and are subject to market supply and investor demand, the value of a share of the Fund may differ from the net asset value per share of the Fund. As a result, the performance of the Fund may not correlate perfectly with the performance of the underlying index, and the return on the securities based on the performance of the Fund will not be the same as the return on securities based on the performance of the underlying index.

There Are Risks Associated With The Fund.

Although the shares of the Fund are listed for trading on NYSE Arca, Inc. (the “NYSE Arca”) and a number of similar products have been traded on the NYSE Arca or other securities exchanges for varying periods of time, there is no assurance that an active trading market will continue for the shares of the Fund or that there will be liquidity in the trading market.

In addition, the Fund is subject to management risk, which is the risk that the fund sponsor’s investment strategy, the implementation of which is subject to a number of constraints, may not produce the intended results. For example, the fund sponsor may elect to invest certain Fund assets in shares of equity securities that are not included in the underlying index. The Fund is also not actively managed and may be affected by a general decline in market segments relating to the underlying index. Further, the fund sponsor invests in securities included in, or representative of, the underlying index regardless of their investment merits, and the fund sponsor does not attempt to take defensive positions in declining markets.

Further, under continuous listing standards adopted by the NYSE Arca, the Fund will be required to confirm on an ongoing basis that the securities included in the underlying index satisfy the applicable listing requirements. In the event that the underlying index does

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not comply with the applicable listing requirements, the Fund would be required to rectify such non-compliance by requesting that the underlying index sponsor modify such underlying index, transitioning to a new underlying index or obtaining relief from the SEC. There can be no assurance that the underlying index sponsor would modify the underlying index or that relief would be obtained from the SEC and, therefore, non-compliance with the continuous listing standards may result in the Fund being delisted by the NYSE Arca. If the Fund were delisted by the NYSE Arca, the calculation agent would select a successor fund or, if no successor fund is available, would determine the fund closing price of the Fund on any date of determination.

These risks may adversely affect the price of the shares of the Fund and, consequently, the value of the securities.

You Will Not Have Any Shareholder Rights With Respect To The Shares Of The Fund.

You will not become a holder of shares of the Fund or a holder of securities included in the underlying index as a result of owning a security. You will not have any voting rights, any right to receive dividends or other distributions or any other rights with respect to such shares or securities. You will have no right to receive delivery of any shares or securities at stated maturity or upon automatic call.

Anti-dilution Adjustments Relating To The Shares Of The Fund Do Not Address Every Event That Could Affect Such Shares.

An adjustment factor, as described herein, will be used to determine the fund closing price of the Fund. The adjustment factor will be adjusted by the calculation agent for certain events affecting the shares of the Fund. However, the calculation agent will not make an adjustment for every event that could affect such shares. If an event occurs that does not require the calculation agent to adjust the adjustment factor, the value of the securities may be adversely affected.

A Call Settlement Date And The Stated Maturity Date May Be Postponed If A Calculation Day Is Postponed.

A calculation day (including the final calculation day) will be postponed if the applicable originally scheduled calculation day is not a trading day or if the calculation agent determines that a market disruption event has occurred or is continuing on that calculation day. If such a postponement occurs with respect to a calculation day other than the final calculation day, then the related call settlement date will be postponed. If such a postponement occurs with respect to the final calculation day, the stated maturity date will be the later of (i) the initial stated maturity date and (ii) three business days after the final calculation day as postponed.

Our Economic Interests And Those Of Any Dealer Participating In The Offering Are Potentially Adverse To Your Interests.

You should be aware of the following ways in which our economic interests and those of any dealer participating in the distribution of the securities, which we refer to as a “participating dealer,” are potentially adverse to your interests as an investor in the securities. In engaging in certain of the activities described below, our affiliates or any participating dealer or its affiliates may take actions that may adversely affect the value of and your return on the securities, and in

so doing they will have no obligation to consider your interests as an investor in the securities. Our affiliates or any participating dealer or its affiliates may realize a profit from these activities even if investors do not receive a favorable investment return on the securities.

The calculation agent is our affiliate and may be required to make discretionary judgments that affect the return you receive on the securities. WFS, which is our affiliate, will be the calculation agent for the securities. As calculation agent, WFS will determine the fund closing price of the Fund on each calculation day and whether the securities are automatically called, and may be required to make other determinations that affect the return you receive on the securities. In making these determinations, the calculation agent may be required to make discretionary judgments, including determining whether a market disruption event has occurred on a scheduled calculation day, which may result in postponement of that calculation day; determining the fund closing price of the Fund if a calculation day is postponed to the last day to which it may be postponed and a market disruption event occurs on that day; adjusting the adjustment factor and other terms of the securities in certain circumstances; if the Fund undergoes a liquidation event, selecting a successor fund or, if no successor fund is available, determining the fund closing price of the Fund on the applicable calculation day; and determining whether to adjust the fund closing price of the Fund on a calculation day in the event of certain changes in or modifications to the Fund or the underlying index. In making these discretionary judgments, the fact that WFS is our affiliate may cause it to have economic interests that are adverse to your interests as an investor in the securities, and WFS's determinations as calculation agent may adversely affect your return on the securities.

The estimated value of the securities was calculated by our affiliate and is therefore not an independent third-party valuation. WFS calculated the estimated value of the securities set forth on the cover page of this pricing supplement, which involved discretionary judgments by WFS, as described under "Risk Factors—The Estimated Value Of The Securities Is Determined By Our Affiliate's Pricing Models, Which May Differ From Those Of Other Dealers" above. Accordingly, the estimated value of the securities set forth on the cover page of this pricing supplement is not an independent third-party valuation.

Research reports by our affiliates or any participating dealer or its affiliates may be inconsistent with an investment in the securities and may adversely affect the price of the Fund. Our affiliates or any participating dealer in the offering of the securities or its affiliates may, at present or in the future, publish research reports on the Fund or the underlying index or the companies whose securities are included in the Fund or the underlying index. This research is modified from time to time without notice and may, at present or in the future, express opinions or provide recommendations that are inconsistent with purchasing or holding the securities. Any research reports on the Fund or

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the underlying index or the companies whose securities are included in the Fund or the underlying index could adversely affect the price of the Fund and, therefore, adversely affect the value of and your return on the securities. You are encouraged to derive information concerning the Fund from multiple sources and should not rely on the views expressed by us or our affiliates or any participating dealer or its affiliates. In addition, any research reports on the Fund or the underlying index or the companies whose securities are included in the Fund or the underlying index published on or prior to the pricing date could result in an increase in the price of the Fund on the pricing date, which would adversely affect investors in the securities by increasing the price at which the Fund must close on a calculation day in order for investors in the securities to receive a favorable return.

Business activities of our affiliates or any participating dealer or its affiliates with the companies whose securities are included in the Fund may adversely affect the price of the Fund. Our affiliates or any participating dealer or its affiliates may, at present or in the future, engage in business with the companies whose securities are included in the Fund or the underlying index, including making loans to those companies (including exercising creditors' remedies with respect to such loans), making equity investments in those companies or providing investment banking, asset management or other advisory services to those companies. These business activities could adversely affect the price of the Fund and, therefore, adversely affect the value of and your return on the securities. In addition, in the course of these business activities, our affiliates or any participating dealer or its affiliates may acquire non-public information about one or more of the companies whose securities are included in the Fund or the underlying index. If our affiliates or any participating dealer or its affiliates do acquire such non-public information, we and they are not obligated to disclose such non-public information to you.

Hedging activities by our affiliates or any participating dealer or its affiliates may adversely affect the price of the Fund. We expect to hedge our obligations under the securities through one or more hedge counterparties, which may include our affiliates or any participating dealer or its affiliates. Pursuant to such hedging activities, our hedge counterparties may acquire shares of the Fund, securities included in the Fund or the underlying index or listed or over-the-counter derivative or synthetic instruments related to the Fund or such securities. Depending on, among other things, future market conditions, the aggregate amount and the composition of such positions are likely to vary over time. To the extent that our hedge counterparties have a long hedge position in shares of the Fund or any of the securities included in the Fund or the underlying index, or derivative or synthetic instruments related to the Fund or such securities, they may liquidate a portion of such holdings at or about the time of a calculation day or at or about the time of a change in the securities included in the Fund or the underlying index. These hedging activities could potentially adversely affect the price of the shares of the Fund and, therefore, adversely affect the value of and your return on the securities.

Trading activities by our affiliates or any participating dealer or its affiliates may adversely affect the price of the Fund. Our affiliates or any participating dealer or its affiliates may engage in trading in the shares of the Fund or the securities included in the Fund or the underlying index and other instruments relating to the Fund or such securities on a regular basis as part of their general broker-dealer and other businesses. Any of these trading activities could potentially adversely affect the price of the shares of the Fund and, therefore, adversely affect the value of and your return on the securities.

A participating dealer or its affiliates may realize hedging profits projected by its proprietary pricing models in addition to any selling concession and/or distribution expense fee, creating a further incentive for the participating dealer to sell the securities to you. If any participating dealer or any of its affiliates conducts hedging activities for us in connection with the securities, that participating dealer or its affiliates will expect to realize a projected profit from such hedging activities. If a participating dealer receives a concession and/or distribution expense fee for the sale of the securities to you, this projected hedging profit will be in addition to the concession and/or distribution expense fee, creating a further incentive for the participating dealer to sell the securities to you.

The U.S. Federal Tax Consequences Of An Investment In The Securities Are Unclear.

There is no direct legal authority regarding the proper U.S. federal tax treatment of the securities, and we do not plan to request a ruling from the IRS. Consequently, significant aspects of the tax treatment of the securities are uncertain, and the IRS or a court might not agree with the treatment of the securities as prepaid derivative contracts that are “open transactions” for U.S. federal income tax purposes. If the IRS were successful in asserting an alternative treatment of the securities, the tax consequences of the ownership and disposition of the securities might be materially and adversely affected. Even if the treatment of the securities as prepaid derivative contracts that are “open transactions” is respected, a security may be treated as a “constructive ownership transaction,” with potentially adverse consequences described below under “United States Federal Tax Considerations.”

Furthermore, Section 871(m) of the Internal Revenue Code of 1986, as amended (the “Code”), imposes a withholding tax of up to 30% on “dividend equivalents” paid or deemed paid to non-U.S. investors in respect of certain financial instruments linked to U.S. equities. In light of Treasury regulations, as modified by an IRS notice, that provide a general exemption for financial instruments issued in 2018 that do not have a “delta” of one, as of the date of this preliminary pricing supplement the securities should not be subject to withholding under Section 871(m). However, information about the application of Section 871(m) to the securities will be updated in the final pricing supplement. Moreover, the IRS could challenge a conclusion that the securities should not be subject to withholding under Section 871(m). If withholding applies to the securities, we will not be required to pay any additional amounts with respect to amounts withheld.

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In addition, in 2007 the U.S. Treasury Department and the IRS released a notice requesting comments on various issues regarding the U.S. federal income tax treatment of “prepaid forward contracts” and similar instruments. Any Treasury regulations or other guidance promulgated after consideration of these issues could materially and adversely affect the tax consequences of an investment in the securities, including the character and timing of income or loss and the degree, if any, to which income realized by non-U.S. persons should be subject to withholding tax, possibly with retroactive effect. You should read carefully the discussion under “United States Federal Tax Considerations” in this pricing supplement. You should also consult your tax adviser regarding the U.S. federal tax consequences of an investment in the securities, as well as tax consequences arising under the laws of any state, local or non-U.S. taxing jurisdiction.

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Market Linked Securities—Auto-Callable with Fixed Percentage Buffered Downside**Principal at Risk Securities Linked to the Energy Select Sector SPDR® Fund due October 4, 2021****Hypothetical Returns****If the securities are automatically called:**

Assuming that the securities are automatically called, the following table illustrates, for each hypothetical call date on which the securities are automatically called:

the hypothetical payment per security on the related call settlement date, assuming that the call premiums are equal to the midpoints of their specified ranges;

- the hypothetical pre-tax total rate of return; and
- the hypothetical pre-tax annualized rate of return.

Hypothetical call date on which securities are automatically called	Hypothetical payment per security on related call settlement date	Hypothetical pre-tax total rate of return	Hypothetical pre-tax annualized rate of return⁽¹⁾
1st call date	\$1,082.50	8.25%	7.93%
2nd call date	\$1,165.00	16.50%	7.67%
3rd call date	\$1,247.50	24.75%	7.49%

(1) The annualized rates of return are calculated with compounding on a semi-annual basis.

If the securities are not automatically called:

Assuming that the securities are not automatically called, the following table illustrates, for a range of hypothetical ending prices of the Fund:

the hypothetical percentage change from the hypothetical starting price to the hypothetical ending price, assuming a hypothetical starting price of \$100.00. The hypothetical starting price of \$100.00 has been chosen for illustrative purposes only and does not represent the actual starting price. The actual starting price will be determined on the pricing date and will be set forth under “Terms of the Securities” above. For historical data regarding the actual closing prices of the Fund, see the historical information provided herein;

- the hypothetical maturity payment amount per security;
- the hypothetical pre-tax total rate of return; and
- the hypothetical pre-tax annualized rate of return.

Hypothetical ending price	Hypothetical percentage change from the hypothetical starting price to the hypothetical ending price	Hypothetical maturity payment amount per security	Hypothetical pre-tax total rate of return	Hypothetical pre-tax annualized rate of return⁽¹⁾
\$95.00	-5.00%	\$1,000.00	0.00%	0.00%
\$90.00	-10.00%	\$1,000.00	0.00%	0.00%
\$89.00	-11.00%	\$990.00	-1.00%	-0.33%
\$80.00	-20.00%	\$900.00	-10.00%	-3.48%

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\$75.00	-25.00%	\$850.00	-15.00%	-5.33%
\$50.00	-50.00%	\$600.00	-40.00%	-16.29%
\$25.00	-75.00%	\$350.00	-65.00%	-32.05%
\$0.00	-100.00%	\$100.00	-90.00%	-63.65%

(1) The annualized rates of return are calculated with compounding on a semi-annual basis.

The above figures are for purposes of illustration only and may have been rounded for ease of analysis. The actual amount you will receive upon an automatic call or at stated maturity and the resulting pre-tax rate of return will depend on (i) whether the securities are automatically called; (ii) if the securities are automatically called, the actual call premium and the actual call date on which the securities are called; and (iii) if the securities are not automatically called, the actual starting price and actual ending price.

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Hypothetical Payment at Maturity

If the fund closing price of the Fund is less than the starting price on each of the first two call dates, the securities will not be automatically called prior to the final calculation day, and you will receive a maturity payment amount that will be greater than, equal to or less than the original offering price per security, depending on the ending price (i.e., the fund closing price of the Fund on the final calculation day). Set forth below are three examples of calculations of the payment at stated maturity, assuming that the securities have not been automatically called on either of the first two call dates, reflecting a hypothetical call premium applicable to the final calculation day of 24.75% (the midpoint of the specified range for the call premium applicable to the final calculation day) and assuming the hypothetical starting price, threshold price and ending prices indicated in the examples. The terms used for purposes of these hypothetical examples do not represent any actual starting price or threshold price. The hypothetical starting price of \$100.00 has been chosen for illustrative purposes only and does not represent the actual starting price. The actual starting price and threshold price will be determined on the pricing date and will be set forth under “Terms of the Securities” above. For historical data regarding the actual closing prices of the Fund, see the historical information provided herein. These examples are for purposes of illustration only and the values used in the examples may have been rounded for ease of analysis.

Example 1. Ending price is greater than the starting price, the securities are automatically called on the final calculation day and the maturity payment amount is equal to the original offering price plus the applicable call premium:

Hypothetical starting price: \$100.00

Hypothetical ending price: \$150.00

Since the hypothetical ending price is greater than the hypothetical starting price, the securities are automatically called on the final calculation day and you will receive the original offering price of your securities plus a call premium of 24.75% of the original offering price per security. Even though the Fund appreciated by 50.00% from its starting price to its ending price in this example, your return is limited to the call premium of 24.75% that is applicable to the final calculation day.

On the stated maturity date, you would receive \$1,247.50 per security.

Example 2. Ending price is less than the starting price but greater than the threshold price and the maturity payment amount is equal to the original offering price:

Hypothetical starting price: \$100.00

Hypothetical ending price: \$95.00

Hypothetical threshold price: \$90.00, which is 90% of the hypothetical starting price

Since the hypothetical ending price is less than the hypothetical starting price, but not by more than 10%, you would be repaid the original offering price of your securities at maturity.

On the stated maturity date, you would receive \$1,000.00 per security.

Example 3. Ending price is less than the threshold price and the maturity payment amount is less than the original offering price:

Hypothetical starting price: \$100.00

Hypothetical ending price: \$50.00

Hypothetical threshold price: \$90.00, which is 90% of the hypothetical starting price

Since the hypothetical ending price is less than the hypothetical starting price by more than 10%, you would lose a portion of the original offering price of your securities and receive a maturity payment amount equal to \$600.00 per security, calculated as follows:

On the stated maturity date, you would receive \$600.00 per security, resulting in a loss of 40.00%.

To the extent that the starting price, threshold price and ending price differ from the values assumed above, the results indicated above would be different.

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Market Linked Securities—Auto-Callable with Fixed Percentage Buffered Downside

Principal at Risk Securities Linked to the Energy Select Sector SPDR® Fund due October 4, 2021

Additional Terms of the Securities

Wells Fargo will issue the securities as part of a series of senior unsecured debt securities entitled “Medium-Term Notes, Series S,” which is more fully described in the prospectus supplement. Information included in this pricing supplement supersedes information in the market measure supplement, prospectus supplement and prospectus to the extent that it is different from that information.

Certain Definitions

A “trading day” means a day, as determined by the calculation agent, on which the relevant stock exchange and each related futures or options exchange with respect to the Fund or any successor thereto, if applicable, are scheduled to be open for trading for their respective regular trading sessions.

The “relevant stock exchange” for the Fund means the primary exchange or quotation system on which shares (or other applicable securities) of the Fund are traded, as determined by the calculation agent.

The “related futures or options exchange” for the Fund means each exchange or quotation system where trading has a material effect (as determined by the calculation agent) on the overall market for futures or options contracts relating to the Fund.

Calculation Agent

Wells Fargo Securities, LLC, one of our subsidiaries, will act as calculation agent for the securities and may appoint agents to assist it in the performance of its duties. Pursuant to a calculation agent agreement, we may appoint a different calculation agent without your consent and without notifying you.

The calculation agent will determine whether the securities are automatically called on any of the call dates and the amount of the payment you receive upon automatic call or at stated maturity. In addition, the calculation agent will, among other things:

determine whether a market disruption event has occurred;

determine if adjustments are required to the fund closing price of the Fund under various circumstances; and if the Fund undergoes a liquidation event, select a successor fund (as defined below) or, if no successor fund is available, determine the fund closing price.

All determinations made by the calculation agent will be at the sole discretion of the calculation agent and, in the absence of manifest error, will be conclusive for all purposes and binding on us and you. The calculation agent will have no liability for its determinations.

Market Disruption Events

A “market disruption event” means any of the following events as determined by the calculation agent in its sole discretion:

(A) The occurrence or existence of a material suspension of or limitation imposed on trading by the relevant stock exchange or otherwise relating to the shares (or other applicable securities) of the Fund or any successor fund on

the relevant stock exchange at any time during the one-hour period that ends at the close of trading on such day, whether by reason of movements in price exceeding limits permitted by such relevant stock exchange or otherwise.

The occurrence or existence of a material suspension of or limitation imposed on trading by any related futures or options exchange or otherwise in futures or options contracts relating to the shares (or other applicable securities) (B) of the Fund or any successor fund on any related futures or options exchange at any time during the one-hour period that ends at the close of trading on that day, whether by reason of movements in price exceeding limits permitted by the related futures or options exchange or otherwise.

The occurrence or existence of any event, other than an early closure, that materially disrupts or impairs the ability (C) of market participants in general to effect transactions in, or obtain market values for, shares (or other applicable securities) of the Fund or any successor fund on the relevant stock exchange at any time during the one-hour period that ends at the close of trading on that day.

The occurrence or existence of any event, other than an early closure, that materially disrupts or impairs the ability (D) of market participants in general to effect transactions in, or obtain market values for, futures or options contracts relating to shares (or other applicable securities) of the Fund or any successor fund on any related futures or options exchange at any time during the one-hour period that ends at the close of trading on that day.

The closure of the relevant stock exchange or any related futures or options exchange with respect to the Fund or any successor fund prior to its scheduled closing time unless the earlier closing time is announced by the relevant (E) stock exchange or related futures or options exchange, as applicable, at least one hour prior to the earlier of (1) the actual closing time for the regular trading session on such relevant stock exchange or related futures or options exchange, as applicable, and (2) the submission deadline for orders to be entered into the relevant stock exchange or related futures or options exchange, as applicable, system for execution at the close of trading on that day.

The relevant stock exchange or any related futures or options exchange with respect to the Fund or any successor (F) fund fails to open for trading during its regular trading session.

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Market Linked Securities—Auto-Callable with Fixed Percentage Buffered Downside

Principal at Risk Securities Linked to the Energy Select Sector SPDR® Fund due October 4, 2021

For purposes of determining whether a market disruption event has occurred:

- (1) “close of trading” means the scheduled closing time of the relevant stock exchange with respect to the Fund or any successor fund; and
- (2) the “scheduled closing time” of the relevant stock exchange or any related futures or options exchange on any trading day for the Fund or any successor fund means the scheduled weekday closing time of such relevant stock exchange or related futures or options exchange on such trading day, without regard to after hours or any other trading outside the regular trading session hours.

If a market disruption event occurs or is continuing on any calculation day, then such calculation day will be postponed to the first succeeding trading day on which a market disruption event has not occurred and is not continuing; however, if such first succeeding trading day has not occurred as of the eighth trading day after the originally scheduled calculation day, that eighth trading day shall be deemed to be the calculation day. If the calculation day has been postponed eight trading days after the originally scheduled calculation day and a market disruption event occurs or is continuing with respect to the Fund on such eighth trading day, the calculation agent will determine the closing price of the Fund on such eighth trading day based on its good faith estimate of the value of the shares (or other applicable securities) of the Fund as of the close of trading on such eighth trading day.

Anti-dilution Adjustments Relating to the Fund; Alternate Calculation

Anti-dilution Adjustments

The calculation agent will adjust the adjustment factor as specified below if any of the events specified below occurs with respect to the Fund and the effective date or ex-dividend date, as applicable, for such event is after the pricing date and on or prior to the final calculation day.

The adjustments specified below do not cover all events that could affect the Fund, and there may be other events that could affect the Fund for which the calculation agent will not make any such adjustments, including, without limitation, an ordinary cash dividend. Nevertheless, the calculation agent may, in its sole discretion, make additional adjustments to any terms of the securities upon the occurrence of other events that affect or could potentially affect the market price of, or shareholder rights in, the Fund, with a view to offsetting, to the extent practical, any such change, and preserving the relative investment risks of the securities. In addition, the calculation agent may, in its sole discretion, make adjustments or a series of adjustments that differ from those described herein if the calculation agent determines that such adjustments do not properly reflect the economic consequences of the events specified in this pricing supplement or would not preserve the relative investment risks of the securities. All determinations made by the calculation agent in making any adjustments to the terms of the securities, including adjustments that are in addition to, or that differ from, those described in this pricing supplement, will be made in good faith and a commercially reasonable manner, with the aim of ensuring an equitable result. In determining whether to make any adjustment to the terms of the securities, the calculation agent may consider any adjustment made by the Options Clearing Corporation or any other equity derivatives clearing organization on options contracts on the Fund.

For any event described below, the calculation agent will not be required to adjust the adjustment factor unless the adjustment would result in a change to the adjustment factor then in effect of at least 0.10%. The adjustment factor resulting from any adjustment will be rounded up or down, as appropriate, to the nearest one-hundred thousandth.

(A)

Stock Splits and Reverse Stock Splits

If a stock split or reverse stock split has occurred, then once such split has become effective, the adjustment factor will be adjusted to equal the *product* of the prior adjustment factor and the number of securities which a holder of one share (or other applicable security) of the Fund before the effective date of such stock split or reverse stock split would have owned or been entitled to receive immediately following the applicable effective date.

(B) *Stock Dividends*

If a dividend or distribution of shares (or other applicable securities) to which the securities are linked has been made by the Fund ratably to all holders of record of such shares (or other applicable security), then the adjustment factor will be adjusted on the ex-dividend date to equal the prior adjustment factor plus the *product* of the prior adjustment factor and the number of shares (or other applicable security) of the Fund which a holder of one share (or other applicable security) of the Fund before the ex-dividend date would have owned or been entitled to receive immediately following that date; provided, however, that no adjustment will be made for a distribution for which the number of securities of the Fund paid or distributed is based on a fixed cash equivalent value.

(C) *Extraordinary Dividends*

If an extraordinary dividend (as defined below) has occurred, then the adjustment factor will be adjusted on the ex-dividend date to equal the *product* of the prior adjustment factor and a fraction, the numerator of which is the closing price per share (or other applicable security) of the Fund on the trading day preceding the ex-dividend date, and the denominator of which is the amount by which the closing price per share (or other applicable security) of the Fund on the trading day preceding the ex-dividend date exceeds the extraordinary dividend amount (as defined below).

For purposes of determining whether an extraordinary dividend has occurred:

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Market Linked Securities—Auto-Callable with Fixed Percentage Buffered Downside

Principal at Risk Securities Linked to the Energy Select Sector SPDR® Fund due October 4, 2021

- (1) “extraordinary dividend” means any cash dividend or distribution (or portion thereof) that the calculation agent determines, in its sole discretion, is extraordinary or special; and
- (2) “extraordinary dividend amount” with respect to an extraordinary dividend for the securities of the Fund will equal the amount per share (or other applicable security) of the Fund of the applicable cash dividend or distribution that is attributable to the extraordinary dividend, as determined by the calculation agent in its sole discretion.
- A distribution on the securities of the Fund described below under the section entitled “—Reorganization Events” below that also constitutes an extraordinary dividend will only cause an adjustment pursuant to that “—Reorganization Events” section.

(D)

Other Distributions

If the Fund declares or makes a distribution to all holders of the shares (or other applicable security) of the Fund of any non-cash assets, excluding dividends or distributions described under the section entitled “—Stock Dividends” above, then the calculation agent may, in its sole discretion, make such adjustment (if any) to the adjustment factor as it deems appropriate in the circumstances. If the calculation agent determines to make an adjustment pursuant to this paragraph, it will do so with a view to offsetting, to the extent practical, any change in the economic position of a holder of the securities that results solely from the applicable event.

(E)

Reorganization Events

If the Fund, or any successor fund, is subject to a merger, combination, consolidation or statutory exchange of securities with another exchange traded fund, and the Fund is not the surviving entity (a “reorganization event”), then, on or after the date of such event, the calculation agent shall, in its sole discretion, make an adjustment to the adjustment factor or the method of determining the payment at maturity, whether the securities are automatically called on any of the call dates or any other terms of the securities as the calculation agent determines appropriate to account for the economic effect on the securities of such event, and determine the effective date of that adjustment. If the calculation agent determines that no adjustment that it could make will produce a commercially reasonable result, then the calculation agent may deem such event a liquidation event (as defined below).

Liquidation Events

If the Fund is de-listed, liquidated or otherwise terminated (a “liquidation event”), and a successor or substitute exchange traded fund exists that the calculation agent determines, in its sole discretion, to be comparable to the Fund, then, upon the calculation agent’s notification of that determination to the trustee and Wells Fargo, any subsequent fund closing price for the Fund will be determined by reference to the fund closing price of such successor or substitute exchange traded fund (such exchange traded fund being referred to herein as a “successor fund”), with such adjustments as the calculation agent determines are appropriate to account for the economic effect of such substitution on holders of the securities.

If the Fund undergoes a liquidation event prior to, and such liquidation event is continuing on, the date that any fund closing price of the Fund is to be determined and the calculation agent determines that no successor fund is available at such time, then the calculation agent will, in its discretion, calculate the fund closing price for the Fund on such date by a computation methodology that the calculation agent determines will as closely as reasonably possible replicate the Fund, provided that if the calculation agent determines in its discretion that it is not practicable to replicate the Fund (including but not limited to the instance in which the underlying index sponsor discontinues publication of the underlying index), then the calculation agent will calculate the fund closing price for the Fund in accordance with the

formula last used to calculate such fund closing price before such liquidation event, but using only those securities that were held by the Fund immediately prior to such liquidation event without any rebalancing or substitution of such securities following such liquidation event.

If a successor fund is selected or the calculation agent calculates the fund closing price as a substitute for the Fund, such successor fund or fund closing price will be used as a substitute for the Fund for all purposes, including for purposes of determining whether a market disruption event exists. Notwithstanding these alternative arrangements, a liquidation event with respect to the Fund may adversely affect the value of the securities.

If any event is both a reorganization event and a liquidation event, such event will be treated as a reorganization event for purposes of the securities unless the calculation agent makes the determination referenced in the last sentence of the section entitled “—Anti-dilution Adjustments—Reorganization Events” above.

Alternate Calculation

If at any time the method of calculating the Fund or a successor fund, or the underlying index, is changed in a material respect, or if the Fund or a successor fund is in any other way modified so that the Fund does not, in the opinion of the calculation agent, fairly represent the price of the securities of the Fund or such successor fund had such changes or modifications not been made, then the calculation agent may, at the close of business in New York City on the date that any fund closing price is to be determined, make such calculations and adjustments as, in the good faith judgment of the calculation agent, may be necessary in order to arrive at a closing price of the Fund comparable to the Fund or such successor fund, as the case may be, as if such changes or modifications had not been made, and calculate the fund closing price and the payment at maturity and determine whether the securities are automatically called on any call date with reference to such adjusted closing price of the Fund or such successor fund, as applicable.

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Market Linked Securities—Auto-Callable with Fixed Percentage Buffered Downside

Principal at Risk Securities Linked to the Energy Select Sector SPDR® Fund due October 4, 2021

Events of Default and Acceleration

If an event of default with respect to the securities has occurred and is continuing, the amount payable to a holder of a security upon any acceleration permitted by the securities, with respect to each security, will be equal to the maturity payment amount, calculated as provided herein, as though the date of acceleration were the final calculation day; provided that if the fund closing price of the Fund on the date of acceleration is equal to or greater than the starting price, then the maturity payment amount will be calculated using a call premium that is prorated to the date of acceleration.

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Market Linked Securities—Auto-Callable with Fixed Percentage Buffered Downside

Principal at Risk Securities Linked to the Energy Select Sector SPDR® Fund due October 4, 2021

The Energy Select Sector SPDR® Fund

The Energy Select Sector SPDR Fund is an exchange traded fund that seeks to track the Energy Select Sector Index, an equity index that is intended to provide investors with a way to track the movements of certain public companies that represent the energy sector of the S&P 500 Index. See “Description of Exchange Traded Funds—The Energy Select Sector SPDR® Fund” in the accompanying market measure supplement for additional information about the Energy Select Sector SPDR Fund.

In addition, information about the Energy Select Sector SPDR Fund may be obtained from other sources, including, but not limited to, the fund sponsor’s website (including information regarding (a) the Fund’s top ten constituents and their weightings; (b) returns of the Fund and underlying index for certain periods; and (c) the fees paid to the fund sponsor). We are not incorporating by reference into this pricing supplement the website or any material it includes. Neither we nor the agent makes any representation that such publicly available information regarding the Energy Select Sector SPDR Fund is accurate or complete.

Historical Information

We obtained the closing prices listed below from Bloomberg Financial Markets, without independent verification.

The following graph sets forth daily closing prices of the Fund for the period from January 1, 2013 to August 29, 2018. The closing price on August 29, 2018 was \$75.23. The historical performance of the Fund should not be taken as an indication of the future performance of the Fund during the term of the securities.

Market Linked Securities—Auto-Callable with Fixed Percentage Buffered Downside**Principal at Risk Securities Linked to the Energy Select Sector SPDR® Fund due October 4, 2021**

The following table sets forth the quarterly high and low closing prices, as well as end-of-period closing prices, of the Fund in the period from January 1, 2013 through August 29, 2018.

	High		Low	Last
2013				
First Quarter	\$79.99		\$72.86	\$79.32
Second Quarter	\$83.28		\$74.09	\$78.36
Third Quarter	\$85.30		\$78.83	\$82.88
Fourth Quarter	\$88.51		\$81.87	\$88.51
2014				
First Quarter	\$89.06		\$81.89	\$89.06
Second Quarter	\$101.29		\$88.45	\$100.10
Third Quarter	\$100.58		\$90.62	\$90.62
Fourth Quarter	\$88.77		\$73.36	\$79.16
2015				
First Quarter	\$82.29		\$72.86	\$77.58
Second Quarter	\$82.94		\$74.64	\$75.16
Third Quarter	\$74.54		\$59.22	\$61.20
Fourth Quarter	\$71.40		\$58.78	\$60.55
2016				
First Quarter	\$63.75		\$51.80	\$61.92
Second Quarter	\$69.50		\$60.18	\$68.24
Third Quarter	\$71.80		\$65.27	\$70.61
Fourth Quarter	\$77.83		\$67.77	\$75.32
2017				
First Quarter		The allocation of our CEO's total compensation among compensation categories is in line with the fiscal 2013 average for our NEOs shown above.		

38% of our CEO's total compensation for fiscal 2013 was performance-based.

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Advisory Vote on Executive Compensation

At the 2012 Annual Meeting of Stockholders, the Company's stockholders voted to approve a non-binding advisory resolution approving the compensation paid to our Named Executive Officers as disclosed in the proxy statement for the 2012 Annual Meeting of Stockholders. The vote was 74.70% in favor, 25.25% against (with 0.03% abstaining). Although a substantial majority of the stockholders approved our compensation practices, the 2012 vote represented a decline in support from 2011 (97.6% in favor). The Compensation Committee believes the decrease in the percentage of votes cast in favor of the Company's executive compensation was the result of a negative say-on-pay voting recommendation issued by a proxy advisory firm. The Company did not agree with the recommendation by that firm primarily because it was based on a comparison to a peer group that included companies that were not comparable to the Company. In response to the negative recommendation, the Company contacted its large institutional stockholders to discuss the Company's disagreement with the negative recommendation. The Company's discussions with those institutions indicated general support for the executive compensation program. In light of this feedback and the significant stockholder support of the executive compensation program, no substantive changes were made to the executive compensation program for fiscal 2013 as a result of the stockholder engagement process.

The Compensation Committee is firmly committed to providing its executives with compensation opportunities that are tied to Company performance and stockholder value creation. We encourage you to review the complete description of the Company's executive compensation program prior to casting your vote on this year's say-on-pay advisory vote proposal (Proposal No. 2).

Named Executive Officers

This Compensation Discussion and Analysis is intended to provide investors with a more complete understanding of our compensation policies and decisions during fiscal 2013 for the following persons who were Named Executive Officers during such fiscal year:

Steven R. Rowley President and Chief Executive Officer

D. Craig Kesler Executive Vice President Finance and Administration and Chief Financial Officer

Gerald J. Essl Executive Vice President Cement/Aggregates and Concrete

David B. Powers Executive Vice President Gypsum

James H. Graass Executive Vice President, General Counsel and Secretary

Compensation Philosophy

Our compensation philosophy is based on the principles that executive compensation should:

Align the interests of our executives with those of our stockholders,

Reflect the Company's performance as well as the executive's individual performance,

Motivate management to achieve the Company's operational and strategic goals,

Reward performance by both our executives and the Company relative to our peers' performance in light of business conditions, and

Be designed to attract, retain and motivate highly qualified and talented executives over time.

We believe that a significant portion of an executive's compensation should be at risk—that is, dependent upon our operational and financial performance and the individual's performance. The key features of our executive compensation program include the following:

(1) We seek to align the interests of executives with those of our stockholders by:

Creating a direct and substantial link between the executive's annual cash incentive bonus and our annual operating earnings,

Structuring long-term compensation as predominantly equity awards, so that executives have an appropriate incentive to contribute to the creation of long-term stockholder value, and

Requiring executives to meet stock ownership guidelines that will result in each executive holding a meaningful equity stake in the Company.

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(2) We seek to encourage improved performance by:

Basing our annual incentive bonus on both our earnings and individual performance, and

Tying the vesting of a substantial majority of our equity-based awards to the achievement of financial and/or operating goals. To achieve our compensation objectives for fiscal 2013, our executive compensation program used a combination of short-term and long-term elements: (1) annual salary, (2) annual incentive bonus, and (3) long-term incentive compensation in the form of stock options, restricted stock and cash. Each element of long-term and short-term compensation is discussed more fully below under the heading *Elements of Executive Compensation*.

No Employment Agreements; No Change-in-Control Agreements. We do not currently have employment agreements or change-in-control agreements with any Named Executive Officer; however, under the terms of our award agreements, unvested equity awards become fully vested and exercisable in the event of a change in control. See *Change in Control Benefits* below.

Compensation Risk

Although a significant portion of potential compensation to our executive officers is performance-based, we do not believe that our compensation policies, principles, objectives and practices are structured to promote inappropriate risk taking by our executives. We believe that the focus of our overall compensation program encourages management to take a balanced approach that focuses on increasing and sustaining our profitability. See *Board Leadership Structure and Role in Risk Oversight* *Risk Assessment in Compensation Programs* above.

Role of the Compensation Committee and Management in Executive Compensation

Our Compensation Committee has certain duties and responsibilities relating to the compensation of the CEO and the other senior executive officers. See *Board Committees* *Compensation Committee* above. The senior executive officers include all of the Named Executive Officers. In particular, the Compensation Committee is charged with the responsibility to:

Review and make recommendations regarding our general compensation philosophy and structure,

Annually review and approve corporate goals and objectives relevant to the compensation of our CEO,

Evaluate our CEO's performance in light of such goals and objectives,

Set the salary and other cash and equity compensation for our CEO based on such evaluation,

Review and approve the compensation of our other senior executive officers,

Administer each of our plans for which our Compensation Committee has administrative responsibility,

Grant cash awards (including annual incentive bonuses) under our annual bonus programs and equity awards (including options, restricted stock and restricted stock units) under our long-term Incentive Plan to our officers and other key employees,

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Review and recommend to the Board the compensation of our non-employee directors, and

Recommend to the Board stock ownership guidelines for our executive officers.

The Compensation Committee consists solely of directors who are independent under the NYSE listing standards (including the recently adopted amendments to those standards that enhanced the independence requirements for compensation committee members) and Section 162(m) of the Internal Revenue Code, and who are non-employee directors under Rule 16b-3 of the Exchange Act. The Compensation Committee is authorized to hire such outside advisors as it deems appropriate. The Compensation Committee's charter may be found in the Investor Relations/Corporate Governance section of our website www.eaglematerials.com.

The Compensation Committee sets compensation for the Named Executive Officers on an annual basis. In general, the process for setting compensation involves the following steps:

As early as practicable after the beginning of each fiscal year, the Compensation Committee determines (1) the salary of each Named Executive Officer for such fiscal year, (2) the overall size of the annual incentive bonus pools based on operating earnings in which the Named Executive Officers will have the opportunity to participate during such year and the percentage of the pool assigned to each Named Executive Officer, (3) whether the Compensation Committee will make any long-term incentive compensation awards in such fiscal year, (4) if the Compensation Committee decides to

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make long-term compensation awards for such fiscal year, the nature of and terms applicable to such awards, including the form any such awards will take (e.g., options, restricted stock, restricted stock units and/or cash), the individual long-term compensation potential for awards to be made to each Named Executive Officer, the performance- or time-vesting criteria (or both) that will apply to any such awards, and the exercisability or payment schedules that will apply to any such awards if the performance criteria are satisfied, and (5) the Eagle Materials Special Situation Program for such fiscal year and the overall funding levels for such program based on operating earnings. For fiscal 2013, the Compensation Committee made these determinations at six separate meetings held in April, May and June 2012.

After the end of the fiscal year, the Compensation Committee (1) reviews and approves the annual incentive bonus pools, (2) determines the extent to which the performance criteria for the prior fiscal year applicable to any long-term incentive awards were satisfied, (3) determines the amount of the downward adjustment, if any, to be made to the annual incentive bonus payment to each Named Executive Officer based on individual performance, and (4) if applicable, makes awards under the Eagle Materials Special Situation Program. The Compensation Committee made these determinations for fiscal 2013 at three separate meetings held in April and May 2013.

Our CEO, Mr. Rowley, participates to a certain extent in the administration of our compensation program for Named Executive Officers, other than himself. At the end of each fiscal year, Mr. Rowley provides input to the Compensation Committee on the performance of each of the other Named Executive Officers and recommends compensation adjustments (salary adjustments for the current fiscal year, any downward adjustments to annual incentive bonus levels for the recently completed fiscal year, and annual incentive bonus levels for the current fiscal year) and, if applicable, long-term incentive award levels for such Named Executive Officers. Mr. Rowley also provides input on the structure of our long-term incentive awards (if any) for such Named Executive Officers, including the long-term incentive award levels and the performance or other criteria that determine vesting and other terms and conditions applicable to the awards. The Compensation Committee considers Mr. Rowley's input, along with other information presented by its compensation consultants or otherwise available to it, in making its final compensation decisions with respect to the Named Executive Officers.

Engagement of a Compensation Consultant

After several years of utilizing Mercer Human Resources Consulting as its compensation adviser, the Committee determined in late 2011 to interview additional firms for consideration. Following this interview process, in early 2012, the Compensation Committee retained Longnecker & Associates (L&A), an independent compensation consulting firm based in Houston, Texas, to provide the Committee with a fresh perspective and to review levels and incentive components of our executives' compensation in an effort to align the compensation of our officers competitively with the market. The primary role of L&A was to provide the Compensation Committee with market data and information regarding compensation trends in our industry and to make recommendations regarding base salaries, the design of our incentive programs and executive compensation levels. Our management did not direct or oversee the retention or activities of L&A with respect to our executive compensation program. L&A also provided assistance in reviewing this Compensation Discussion & Analysis. The Compensation Committee has assessed the independence of L&A pursuant to SEC rules and concluded that no conflict of interest exists that would prevent L&A from independently representing the Compensation Committee.

Benchmarking

The data used by L&A in its survey of the compensation peer group, which we refer to as our benchmarking study, was weighted so that 50% was from published surveys from Towers Watson, ERI and Mercer, and 50% was from disclosure in compensation peer group proxy statements.

Compensation Peers

At the beginning of fiscal 2013 (spring of 2012) L&A identified multiple compensation peer candidates based on (1) prior peer groups used by the Company, (2) companies of similar size within industries related to the Company's industry, and (3) other similar companies in the construction materials and related industries. L&A then analyzed each company based on revenue, assets, net income, market capitalization, enterprise value, and a Peer 360 analysis. Based on this analysis, L&A recommended a compensation peer group to the Compensation Committee.

Based on L&A's recommendation, the Compensation Committee utilized the following 17-company peer group in analyzing fiscal 2013 compensation (compensation peer group):

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Company Name	Ticker	Business Description
Armstrong Worldwide Industries, Inc.	AWI	Designs, manufactures and sells flooring products and ceiling systems.
EnPro Industries, Inc.	NPO	Designs, develops, manufactures and markets engineered industrial products.
Globe Specialty Metals, Inc.	GSM	Produces and sells silicon metal and silicon-based alloys.
Granite Construction Incorporated	GVA	Heavy civil contractor and a construction materials producer for public and private sector clients.
Headwaters Inc.	HW	Provides products, technologies and services for the building products, construction material and energy industries primarily.
Intrepid Potash, Inc.	IPI	Produces and markets chemicals, including potassium chloride and sulfate of potash magnesia.
Louisiana-Pacific Corp.	LPX	Manufactures and distributes building products for new home construction, repair and remodeling, manufactured housing, and light industrial and commercial construction.
Martin Marietta Materials Inc.*	MLM	Produces and sells aggregates for the construction industry.
Neenah Paper, Inc.	NP	Produces and sells technical products and fine papers worldwide.
Packaging Corp. of America	PKG	Produces and sells containerboard and corrugated products.
Quaker Chemical Corporation	KWR	Develops, produces and markets various formulated chemical specialty products for heavy industrial and manufacturing applications worldwide.
Texas Industries Inc.*	TXI	Manufactures and sells heavy construction materials, including cement, aggregates and consumer product building materials.
United States Lime & Minerals, Inc.	USLM	Manufactures and sells lime and limestone products.
Universal Forest Products Inc.	UPPI	Engineers, manufactures, treats, distributes and installs lumber, composite wood, plastic and other building products for the do-it-yourself/retail, site-built construction, manufactured housing and industrial markets.
US Concrete Inc.	USCR	Produces and sells ready-mix concrete, precast concrete products and concrete-related products for use in commercial, residential and public works construction products.
USG Corporation*	USG	Manufactures and distributes gypsum wallboard and a wide range of related building materials.
Vulcan Materials Company*	VMC	Produces and sells construction aggregates: primarily crushed stone, sand and gravel.

* Direct peer.

L&A delivered its peer analysis report to the Compensation Committee in March 2012, utilizing trailing 12 months financials for revenue, latest quarter valuation for assets, net income as of December 31, 2011, and market capitalization and enterprise value as of March 15, 2012. The Company's ranking in each of the categories utilized by L&A was as follows: revenue (1st percentile); assets (45th percentile); net income (41st percentile); market value (65th percentile); and enterprise value (69th percentile). The Company's ranking against the compensation peers in total stockholder return was as follows: 1 year (82nd percentile); 3 year (32nd percentile); and 5 year (59th percentile).

This peer group includes four domestic public company competitors, which we refer to as our direct peers. Included in the direct peer group are companies from each of our operating segments (wallboard, cement, concrete and aggregates), but none of the companies operates in all of our segments. The other companies listed above are referred to as our supplemental peers and include companies in related industries. We refer to our direct peers and our supplemental peers together as our compensation peers.

We are aware that institutional shareholder advisors, such as Institutional Shareholder Services, Glass Lewis and others, utilize methodologies to determine peer groups that may differ from our process. We believe that the methodologies they use may result in a peer group that does not provide a close fit for Eagle. For example, if the institutional shareholder advisor relies upon GICS codes to identify potential peers, the resulting peer group would include many companies whose operations are dissimilar to ours. Additionally, if the institutional shareholder advisor constructs a peer group based solely on revenues, the resulting peer group can create a poor fit for two reasons. First, because of accounting rules we are unable to include our 50/50 Texas Lehigh Joint venture's revenues in our revenue line item we instead account for that entity in a separate line item valuing the equity interest in an unconsolidated joint venture. Our revenue is, in effect, understated. Second, in our industry, with large

up-front capital projects, we believe that cash flow and earnings are more important than revenues when assembling peers. For these reasons and in light of the peer analysis described above, we believe that the compensation peer group identified by our Compensation Committee for fiscal 2013 provide a more appropriate and meaningful basis for assessing our executive compensation.

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Performance Peers

Because Eagle Materials operates in the highly cyclical construction products industry, the Compensation Committee believes that our performance relative to our industry peers is a critical consideration when evaluating management performance. Such peer comparisons help to distinguish the effects of management performance from the more general effects of business cycle trends, thereby providing important information bearing on management rewards. This peer group, which we refer to as our industry peers was constructed by L&A with input from management and is comprised of the direct peers noted above, plus the following international industry participants: Titan Cement Co. S.A., CRH, Buzzi Unicem S.p.A., Holcim Ltd., HeidelbergCement AG, Lafarge S.A., Cementos Bio-Bio S.A., Cementos Portland Valderrivas, Cemex S.A.B. de C.V., Italcementi S.p.A., Cementos Argos S.A., and Headwaters Incorporated. In June 2012, L&A presented the Compensation Committee with the Company's performance results against this industry peer group as part of its compensation decision-making. The Compensation Committee reviewed the Company's performance in the following 16 categories, in each case against the direct peers and against the entire industry peer group (all measures were trailing 12 months as of June 1, 2012, except for average return on total capital, which was based on the periods ending on March 31, 2012, our fiscal year-end):

Net income growth (five- and three-year)

Revenue growth (five- and three-year)

Average return on total capital (ten-, five- and three-year)

Return on equity (five- and three-year)

Return on assets (five- and three-year)

Earnings per share

Total stockholder return (ten-, five-, three- and one-year)

Against direct peers, the Company's performance was at the 100th percentile in nine of the 16 categories, including every measure of total stockholder return and average return on total capital, and below the median in only one category. Against the entire industry peer group, the Company's performance was at the 100th percentile in two of the 16 categories and above the median in all but four categories.

The Compensation Committee used the survey of the compensation peer group prepared by L&A, which we refer to as our benchmarking study, and the performance comparisons to the industry peers prepared by L&A, which we refer to as our industry performance study, to guide it in establishing the main components of Named Executive Officer compensation: salaries, annual incentive bonus opportunity and long-term compensation awards.

Elements of Executive Compensation

In addition to the health benefit plans and programs generally available to all employees, our executive compensation program includes the following elements:

Base salary

Annual incentive bonus

Long-term incentive compensation

Salary continuation plan

Base Salary

Salaries of the Named Executive Officers are reviewed annually as well as at the time of a promotion or significant change in responsibilities. As described above, the Compensation Committee engaged L&A to conduct the benchmarking study at the beginning of fiscal 2013. The Named Executive Officer base salaries for fiscal 2012 (which was the data reviewed in the L&A benchmarking study) were on average between the median and the 75th percentile of the salary levels for the equivalent positions at the companies reviewed in the compensation peer group in the benchmarking study. For fiscal 2013, consistent with the salary freeze in place at the operating level of the Company, the Committee froze Named Executive Officer base salaries, with the exception of Mr. Kesler, whose base salary was increased approximately 9% in light of his job performance and the fact that his base salary was well below the median for the equivalent position at companies reviewed in the benchmarking study. Considerations that may influence the salary level for a Named Executive Officer include individual performance, the Named Executive Officer's skills or experience, our operating performance and the nature and responsibilities of the position.

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Annual Incentive Bonus

The Compensation Committee is responsible for approving the annual incentive bonus for our CEO and the other Named Executive Officers. Annual incentive bonuses paid to our Named Executive Officers for fiscal 2013 were made under (1) the Eagle Materials Inc. Salaried Incentive Compensation Program for Fiscal Year 2013, which we refer to as the Eagle Annual Incentive Program, (2) annual incentive compensation programs for fiscal 2013 established for particular operating divisions of the Company, which we refer to as Divisional Annual Incentive Bonus Programs, and (3) the Eagle Materials Inc. Special Situation Program for Fiscal Year 2013, which we refer to as the SSP. In general, the Named Executive Officers whose responsibilities extend to the Company as a whole (Messrs. Rowley, Kesler and Graass) participate in the Eagle Annual Incentive Program, and the Named Executive Officers whose responsibilities relate primarily to a particular operating division (Messrs. Essl and Powers) participate in relevant Divisional Annual Incentive Bonus Programs. All of our Named Executive Officers are eligible to participate in the SSP. These programs were structured to create financial incentives and rewards that are directly related to corporate performance and the participating Named Executive Officer's individual performance during the fiscal year.

The Compensation Committee believes these programs are consistent with our compensation philosophy in that they place a significant portion of the executive's compensation at risk. Generally, under these programs, a significant portion of the executive's total compensation is dependent upon the performance of the Company (or our operating divisions) as well as the individual's performance. The Company's annual incentive bonus programs also reflect the Committee's philosophy of aligning the interests of our executives with those of the shareholders. These programs create this alignment by providing that an officer's annual bonus potential varies directly with our operating earnings, as adjusted (in the case of the Eagle Annual Incentive Plan) or the operating earnings of a division (in the case of a Divisional Annual Incentive Bonus Program). Although individual performance and achievement of goals (as discussed in more detail below under Annual Performance Evaluation) affect the actual incentive bonus amount, our programs are structured in such a way that the executive officer's incentive bonus potential can vary considerably as operating earnings change from year to year. For example, the maximum annual bonus potential (as calculated in the manner described below after the end of the fiscal year) for Mr. Rowley (a participant in the Eagle Annual Incentive Program) in fiscal 2013 was 52% lower than in fiscal 2007 (record earnings year), as a result of lower operating earnings and a corresponding reduction in the size of the Eagle Annual Incentive Program pool. Similarly, the maximum bonus potential (as calculated in the manner described below after the end of the fiscal year) for Messrs. Essl and Powers (participants in our Divisional Incentive Programs) in fiscal 2013 was 52% and 69%, respectively, lower than in fiscal 2007, as a result of lower comparative divisional earnings.

At the beginning of fiscal 2013, L&A compared each Named Executive Officer's actual total cash payments from fiscal 2012 (comprised of base salary plus actual annual incentive program payments) against (i) the targeted total cash (base salary plus targeted annual incentive payments) paid to the equivalent positions at the companies reviewed in the compensation peer group, and (ii) the actual total cash paid to the equivalent positions at the companies reviewed in the compensation peer group. The Named Executive Officers' actual total cash payments from fiscal 2012 were on average slightly below the median of the targeted total cash of the compensation peer group, and were on average slightly above the median of the actual total cash paid by the compensation peer group. These comparisons indicate that although the Company's base salaries are between the median and the 75th percentile, the total cash received by NEOs is approximately at the median of the compensation peer group. In addition, L&A presented comparative data on annual bonus payouts for each executive position in the compensation peer group.

Eagle Annual Incentive Program

For fiscal 2013, Messrs. Rowley, Kesler and Graass were participants in the Eagle Annual Incentive Program. Under this program, during the first quarter of each fiscal year, a percentage of our operating earnings is designated by the Compensation Committee as a pool for bonuses, and each participating Named Executive Officer is assigned a share of such pool, representing the executive's maximum bonus opportunity. At the end of the fiscal year, the size of the pool is determined, based on the amount of operating earnings generated during such fiscal year (as adjusted), and annual incentive bonuses are paid to each participating executive in the form of a lump sum cash payment reflecting his share of the pool, subject to the exercise of negative discretion by the Compensation Committee to reduce (but not increase) the amount of the cash payment based on the executive's individual performance during the fiscal year. The amount of the annual incentive bonus paid to an executive is based on the level of our adjusted operating earnings, the share of the pool designated for such executive, and an assessment of such executive's individual performance.

In the first quarter of fiscal 2013, the Compensation Committee approved the designation of 1.2% of annual operating earnings (before corporate general and administrative expenses) for annual incentive bonuses for all executives participating in the Eagle Annual Incentive Program, including the Named Executive Officers. The Committee believes that operating earnings (before corporate general and administrative expenses) is an appropriate measurement for annual incentive bonuses because this measure is tied more closely to operations and does not take into account certain items of non-operating income and expense. The bonus pool is not subject to a separate cap or maximum, but is merely a function of multiplying the pre-determined percentage by our operating earnings for the applicable fiscal year. At the end of fiscal 2013, the Compensation Committee determined that the aggregate amount

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available for the Eagle Annual Incentive Program for fiscal 2013 was \$1,795,327, reflecting the operating earnings (before corporate general and administrative expenses) of the operations that were part of our business at the time of the program's approval, as adjusted for certain non-recurring items which the Committee believes are not reflective of operating performance. This pool amount was not quantifiable until the end of fiscal 2013 and includes amounts available for payment to officers and employees other than the Named Executive Officers. For comparison purposes, the aggregate pool available for payment under such program for fiscal 2012 was \$835,324, and in fiscal 2007 (record earnings year) the available pool was \$3,716,614. In deciding to keep the percentage of operating earnings which would fund the pool for the Eagle Annual Incentive Program the same as used in prior years (including the record earnings year of fiscal 2007), the Compensation Committee considered several factors, including our compensation philosophy that a significant portion of the executive's compensation should be at risk and subject to the Company's success (level of operating earnings).

In May 2012, the Compensation Committee set the annual incentive bonus potential for the participants in the Eagle Annual Incentive Program. In allocating the pool, the Compensation Committee did not rely on mathematical formulas or apply any specific quantitative performance measures. Rather, the Compensation Committee's determination was based on the amount of annual incentive bonus compensation payable to executives in other companies who fulfill similar roles as illustrated in the benchmarking study prepared by L&A and the share of the pool historically allocated to officers in such roles by the Company, Mr. Rowley's recommendation for each participant (other than himself), as well as the Compensation Committee's assessment of the executive's importance and contribution to the organization, the executive's importance in driving the achievement of Company goals and profitability, and the executive's level of responsibility. The Compensation Committee set the bonus potential for the Named Executive Officers as follows:

Mr. Rowley's annual incentive bonus potential was set at 40% of the bonus pool.

Mr. Kesler's annual incentive bonus potential was set at 16% of the bonus pool.

Mr. Graass's annual incentive bonus potential was set at 16% of the bonus pool.

Divisional Annual Incentive Bonus Programs

During fiscal 2013, each of Messrs. Essl and Powers participated in a Divisional Annual Incentive Bonus Program. Under these programs, a percentage of a division's operating earnings is allocated to the bonus pool and each participating employee is assigned a share of the pool, representing the employee's maximum bonus opportunity. At the end of the fiscal year, the size of the pool is determined and annual bonuses are paid to participating employees in the form of a lump sum cash payment in accordance with their shares of the pool, subject to the exercise of negative discretion by our CEO (or, in the case of bonuses paid to Named Executive Officers, the Compensation Committee) based on the employee's individual performance during the fiscal year.

Because of his responsibilities for our Cement and Concrete and Aggregates operations, Mr. Essl participated in both the Eagle Materials Inc. Cement Companies Salaried Incentive Compensation Program for Fiscal Year 2013 and the Eagle Materials Inc. Concrete and Aggregates Companies Incentive Compensation Program for Fiscal Year 2013. Under these plans, the bonus pools equaled 2.25% of each of our concrete and aggregates subsidiaries' operating earnings for fiscal 2013 and 2.25% of each of our cement subsidiaries' operating earnings for fiscal 2013 (or, in the case of our 50% owned cement joint venture, 2.25% of our portion of that entity's operating earnings for fiscal 2013), which in each case is also the same percentage the Compensation Committee has set for several years. In deciding to keep the percentage of operating earnings which would fund these bonus pools the same as the prior year, the Compensation Committee considered several factors, including our compensation philosophy that a significant portion of the executive's compensation should be at risk and subject to the Company's success (level of earnings).

For fiscal 2013, Mr. Powers participated in the Eagle Materials Inc. American Gypsum Company Salaried Incentive Compensation Program for Fiscal Year 2013. Under this plan, the bonus pool equaled 2.25% of American Gypsum's operating earnings for fiscal 2013, which is the same percentage the Compensation Committee has set for several years. In deciding to keep the percentage of operating earnings which would fund these bonus pools the same as the prior year, the Compensation Committee considered several factors, including our compensation philosophy that a significant portion of the executive's compensation should be at risk and subject to the Company's success (level of earnings).

The divisional bonus pools are not subject to a separate cap or maximum, but are merely a function of multiplying the pre-determined percentage by the applicable operating earnings for the applicable fiscal year. The aggregate amounts available for these programs for fiscal 2013 were as follows: \$560,595 (Cement); \$0 (Concrete and Aggregates); and \$1,569,606 (American Gypsum); which in each case was not

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quantifiable until the end of fiscal 2013 and includes amounts available for payment to officers and employees other than the Named Executive Officers. For comparison purposes, the equivalent amounts in fiscal 2012 were \$420,105 (Cement); \$1,473 (Concrete and Aggregates); and \$136,503 (American Gypsum); and in fiscal 2007 (record earnings year) the available pools were \$1,347,374 (Cement); \$385,390 (Concrete and Aggregates); and \$4,581,079 (American Gypsum).

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In May 2012, the Compensation Committee set the annual incentive bonus potential for Messrs. Essl and Powers under these Divisional Annual Incentive Bonus Programs. In determining their respective allocation of the pools, the Compensation Committee did not rely on mathematical formulas or apply any specific quantitative performance measures. Rather, the Compensation Committee's determination took into consideration Mr. Rowley's recommendation, the amount of annual incentive bonus compensation payable to executives in other companies who fulfill similar roles as illustrated in the benchmarking study prepared by L&A, the portion of the pools historically allocated to their respective positions and the Compensation Committee's assessment of their importance and contribution to their respective divisions' performance, their importance as an officer within their respective divisions in driving the achievement of divisional goals and profitability and their respective levels of responsibility. The Compensation Committee set Mr. Essl's annual incentive bonus potential at 20% of his divisional bonus pools, plus an amount equal to 20% of 2.25% of our half of Texas Lehigh's fiscal 2013 operating earnings, and the Compensation Committee set Mr. Powers's incentive bonus potential at 20% of his divisional bonus pool.

Fiscal 2013 Special Situation Program

In the first quarter of fiscal 2013 (May 2012), the Compensation Committee approved the SSP, which is a special annual incentive program intended to recognize outstanding individual performance during the fiscal year. The SSP also provides flexibility to reward performance when special circumstances arise in which our CEO determines that an individual has performed well but not been adequately compensated pursuant to other components of compensation, including without limitation instances where an individual's compensation has been adversely affected by market conditions such as a cyclical downturn or in recognition of transactions and events not contemplated at the time the Compensation Committee set compensation for the applicable year; provided, that awards to executive officers require Compensation Committee approval. Awards under the SSP are not predetermined for any individuals at the beginning of the fiscal year. All full-time employees of Eagle Materials Inc. or any of our subsidiaries are eligible to receive awards under this program. At the beginning of fiscal 2013, the Compensation Committee determined that 0.35% of our operating earnings (before corporate general and administrative expenses) for the ensuing fiscal year would fund the SSP, along with the portions of Eagle and subsidiary incentive compensation plans and subsidiary long-term cash compensation plans not paid out. In deciding to keep the percentage of operating earnings which would fund the SSP the same as the prior year, the Compensation Committee considered several factors, including the anticipated operating earnings for fiscal 2013.

Approving the Annual Incentive Bonus

In May 2013, the Compensation Committee approved the incentive bonus pools for fiscal 2013 for the Company and each Divisional Annual Incentive Bonus Program. In addition, at the end of fiscal 2013, Mr. Rowley provided performance evaluations of each Named Executive Officer (other than himself) to the Compensation Committee, which evaluations included an assessment (both subjective and objective) of the achievement of their individual goals and objectives, along with his recommendation for the annual incentive bonus for each such Named Executive Officer. With respect to Mr. Rowley himself, the Compensation Committee, with input from the entire Board, performed its own evaluation of his performance and the extent to which the goals and objectives established for him for fiscal 2013 had been achieved.

Mr. Rowley

Mr. Rowley's goals and objectives for fiscal 2013 (none of which were quantitative) related to: operational execution; financial execution; maintaining effective communication with our Board; maintaining alignment between the Company's stockholders and employees; maintaining the Company's ability to execute its operating strategy; executing the Company's investor relations strategy, including maintaining an appropriate level of communication with investors; and continuing development of the Company's long-term business strategy. At the end of fiscal 2013, the Compensation Committee conducted its performance evaluation of Mr. Rowley after receiving input from the entire Board. Mr. Rowley also provided input on his achievement of his goals and objectives for fiscal 2013 under the Eagle Annual Incentive Program. Based on this evaluation, the Compensation Committee believes Mr. Rowley performed at a high level during fiscal 2013 and met or exceeded his goals and objectives. That evaluation resulted in Mr. Rowley receiving 100% of his bonus potential for fiscal 2013. The Compensation Committee approved an annual incentive bonus for Mr. Rowley under the Eagle Annual Incentive Program of \$718,131, which is reflected in the Non-Equity Incentive Plan Compensation column of the Summary Compensation Table located on page 35 of this proxy statement. In making this determination, the Compensation Committee did not apply specific quantitative performance measures or assign a specific weight to any of the above goals. Rather, the Compensation Committee used its judgment to determine the appropriate award level after consideration of Mr. Rowley's performance in the following areas (among others) over the past fiscal year:

Mr. Rowley's leadership in pursuing strategic growth opportunities, including the acquisition of assets from Lafarge North America and the development of the Company's emerging frac sand business;

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Mr. Rowley's leadership in the successful execution of the financing of our strategic growth opportunities;

Mr. Rowley's success in driving management's continuing focus on maintaining a healthy balance sheet and continued prudent use of debt;

Mr. Rowley's leadership in maintaining the Company's focus on continual operating improvements which drove additional operating profitability; and

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Mr. Rowley's leadership based on a detailed knowledge of all aspects of the business, and demonstration of a hands-on leadership style on the most important matters requiring his attention, balanced with appropriate delegation of responsibilities in Eagle's decentralized organization.

In addition, the Compensation Committee approved a cash award under the SSP to Mr. Rowley in the amount of \$281,869. In making this discretionary award to Mr. Rowley, the Compensation Committee did not apply any specific quantitative performance measures. The Compensation Committee's determination took into consideration Mr. Rowley's significant work and leadership on the successful acquisition of assets from Lafarge North America and the related public equity offering, and his oversight of our entry into the frac sand business. The SSP cash award to Mr. Rowley is reflected in the Bonus column of the Summary Compensation Table located on page 35 of this proxy statement. Mr. Rowley did not receive an SSP award during the other years disclosed in the Summary Compensation Table.

Mr. Kesler

Early in fiscal 2013, the Compensation Committee established goals and objectives for Mr. Kesler for fiscal 2013 (none of which were quantitative). At the end of fiscal 2013, Mr. Rowley reviewed Mr. Kesler's performance, finding that Mr. Kesler had achieved his goals during the fiscal year. Based in part on this review, the Compensation Committee determined that Mr. Kesler had met his goals and awarded Mr. Kesler 100% of his incentive bonus potential, approving an annual incentive bonus for Mr. Kesler under the Eagle Annual Incentive Program of \$287,252, which is reflected in the Non-Equity Incentive Plan Compensation column of the Summary Compensation Table located on page 35 of this proxy statement. In making this determination, the Compensation Committee did not rely on mathematical formulas or assign any specific weights to his goals and objectives. The Committee used its judgment to determine the appropriate award level after taking into consideration Mr. Rowley's input regarding Mr. Kesler's performance and his achievement of the following factors related to his goals and objectives: Mr. Kesler's timely and effective completion and communication of required financial planning and analysis; his participation in execution of strategic growth of the Company, including the acquisition of assets from Lafarge North America; his assistance in continuing to develop the Company's investor relations strategy and participation in industry-related investor conferences; his role in managing the Company's SEC filings and communications; his oversight of the Company's IT department; and his leadership in continuing to analyze the Company's capital structure.

In addition, the Compensation Committee approved a cash award under the SSP to Mr. Kesler in the amount of \$50,000. In making this discretionary award to Mr. Kesler, the Compensation Committee did not apply any specific quantitative performance measures. The Compensation Committee's determination took into consideration the recommendation of Mr. Rowley and Mr. Kesler's significant work on the successful acquisition of assets from Lafarge North America, including the successful completion of the public equity offering, the successful modification of the Company's revolving line of credit and senior unsecured notes, and the integration/transition of the financial systems to Eagle's financial reporting system. The SSP cash award to Mr. Kesler is reflected in the Bonus column of the Summary Compensation Table located on page 35 of this proxy statement. Mr. Kesler did not receive an SSP award during the other years disclosed in the Summary Compensation Table.

Mr. Essl

Early in fiscal 2013, the Compensation Committee established goals and objectives for Mr. Essl for fiscal 2013, 50% of which were non-quantitative goals and 50% were discretionary. At the end of fiscal 2013, Mr. Rowley reviewed Mr. Essl's performance. Based in part on this review, the Compensation Committee awarded Mr. Essl 100% of his incentive bonus potential and approved an annual incentive bonus for Mr. Essl under the Eagle Materials Inc. Cement Companies Salaried Incentive Compensation Program for Fiscal Year 2013 and the Eagle Materials Inc. Concrete and Aggregate Companies Incentive Compensation Program for Fiscal Year 2013 of \$258,402, which is reflected in the Non-Equity Incentive Plan Compensation column of the Summary Compensation Table located on page 35 of this proxy statement. In making this determination, the Compensation Committee did not rely on mathematical formulas or assign any specific weights to his goals and objectives. The Committee used its judgment to determine the appropriate award level after taking into consideration Mr. Rowley's input regarding Mr. Essl's performance and his achievement of the following factors related to his goals and objectives: Mr. Essl's success in transitioning a management team from Mountain Cement to the newly acquired Lafarge assets and bringing in a replacement team at Mountain Cement; his success with monitoring safety programs; driving the execution of the Company's strategic frac sand initiative; maintaining the emphasis on low-cost production at all cement, concrete and aggregates companies; and his effective involvement with various marketing and sales efforts.

In addition, the Compensation Committee approved a cash award under the SSP to Mr. Essl in the amount of \$100,000. In making this discretionary award to Mr. Essl, the Compensation Committee did not apply any specific quantitative performance measures. The Compensation Committee's determination took into consideration the recommendation of Mr. Rowley and Mr. Essl's significant work on the successful acquisition of assets from Lafarge North America (including his work in analyzing the target operations and their integration into the Eagle system) and his execution of our entry into the frac sand business. The SSP cash award to Mr. Essl is reflected in the Bonus column of the Summary Compensation Table located on page 35 of this proxy statement. Mr. Essl did not receive an SSP award during the other years

disclosed in the Summary Compensation Table.

Table of Contents*Mr. Powers*

Early in fiscal 2013, the Compensation Committee established goals and objectives for Mr. Powers for fiscal 2013, 40% of which were based on quantitative goals, 10% on other non-quantitative goals and 50% were discretionary. At the end of fiscal 2013, Mr. Rowley reviewed Mr. Powers' performance. Based in part on this review, the Compensation Committee awarded Mr. Powers 100% of his incentive bonus potential and approved an annual incentive bonus for Mr. Powers under the American Gypsum Salaried Incentive Compensation Program for Fiscal Year 2013 of \$313,921, which is reflected in the Non-Equity Incentive Plan Compensation column of the Summary Compensation Table located on page 35 of this proxy statement. In making this determination with regard to the non-quantitative portion of the goals, the Compensation Committee did not rely on mathematical formulas or assign any specific weights to his goals and objectives. The Committee used its judgment to determine the appropriate award level after taking into consideration Mr. Rowley's input regarding Mr. Powers' performance and his achievement of the following factors related to his goals and objectives: his achievement of targets related to safety, mill net, waste, total plant costs, operating profit and product sales; his execution of American Gypsum's long-term strategy; his successful sales and marketing efforts with customers; his participation in various industry and energy efficiency groups.

Mr. Graass

Early in fiscal 2013, the Compensation Committee established goals and objectives for Mr. Graass for fiscal 2013 (none of which were quantitative). At the end of fiscal 2013, Mr. Rowley reviewed Mr. Graass' performance, finding that Mr. Graass had achieved his goals during the fiscal year. Based in part on this review, the Compensation Committee determined that Mr. Graass had met his goals and awarded Mr. Graass 100% of his incentive bonus potential, approving an annual incentive bonus for Mr. Graass under the Eagle Annual Incentive Program of \$287,252, which is reflected in the Non-Equity Incentive Plan Compensation column of the Summary Compensation Table located on page 35 of this proxy statement. In making this determination, the Compensation Committee did not rely on mathematical formulas or assign any specific weights to his goals and objectives. The Committee used its judgment to determine the appropriate award level after taking into consideration Mr. Rowley's input regarding Mr. Graass' performance and his achievement of the following factors related to his goals and objectives: his assistance in advancing certain strategic matters; oversight of all SEC filings; assistance of the Board in monitoring corporate governance issues; his management of our material contract policy; and his assistance in contract negotiations and litigation management for our subsidiaries.

In addition, the Compensation Committee approved a cash award under the SSP to Mr. Graass in the amount of \$50,000. In making this discretionary award to Mr. Graass, the Compensation Committee did not apply any specific quantitative performance measures. The Compensation Committee's determination took into consideration the recommendation of Mr. Rowley and Mr. Graass's significant work on the successful acquisition of assets from Lafarge North America, including the work on the negotiation of the asset purchase agreement, the successful equity offering and the closing of the acquisition. The SSP cash award to Mr. Graass is reflected in the Bonus column of the Summary Compensation Table located on page 35 of this proxy statement. Mr. Graass did not receive an SSP award during the other years disclosed in the Summary Compensation Table.

Long-Term Incentive Compensation

Consistent with the Compensation Committee's philosophy of linking compensation to our performance, a significant portion of our long-term incentive compensation program has been structured to link the vesting of equity awards to the achievement by the Company of specific performance levels. To enhance retention of key employees, once earned, the performance awards also contain a further time-vesting component. Also, a portion of our long-term compensation program has been structured as purely time-vesting, which the Compensation Committee believes, based on the input of L&A, is more in-line with the practice of our peers.

Burn Rate

Our three-year average burn rate (a measure of historical dilution) is below our industry norms. The Company's three-year average burn rate (which is based on the number of awards granted or, in the case of performance awards, awards earned in each fiscal year, divided by the weighted-average common shares outstanding for such fiscal year) is 2.33%. The 2013 cap for our industry published by ISS is 3.08%.

Grant Practice

All of the Named Executive Officers participate in our long-term incentive compensation program. In fiscal 2013, the Compensation Committee approved equity grants and cash awards as described below. The date on which an equity award is granted is the date specified in the resolutions of the Compensation Committee authorizing the grant. The grant date must fall on or after the date on which the resolutions are adopted by the Committee. As provided in the Incentive Plan, for stock options, the exercise price is the closing price of our Common Stock on the grant date,

as reported by the NYSE.

In addition, the Compensation Committee, as provided in our Incentive Plan, has delegated to the Special Situation Stock Option Committee (whose sole member is our CEO) the authority to grant stock options to newly-hired employees and newly-promoted employees, under terms set by the Compensation Committee. This authority, which expires on May 31, 2014, is limited to an aggregate of 60,000 option shares; no one individual may receive more than 15,000 option shares in a given year; and Section 16 reporting persons may not receive awards pursuant to this authority. Stock options granted under this delegation of authority vest 20% per year commencing on the first anniversary of the grant date. During fiscal 2013, 36,000 stock options were granted to employees under this authority.

Table of Contents**Fiscal 2013 Grants**

In June 2012, the Compensation Committee made annual long-term incentive equity grants and cash award grants under our long-term Incentive Plan. As part of the benchmarking study delivered to the Compensation Committee in April 2012, L&A had provided information regarding long-term compensation paid to the compensation peer group. In June 2012, L&A provided the Compensation Committee with a comparison of proposed fiscal 2013 long-term incentive values against the compensation peer group values from the benchmarking study. On average, the Named Executive Officer long-term incentive compensation was between the median and the 75th percentile of the compensation peer group. In determining the value of the equity to be granted, the Compensation Committee took into consideration the Company's strong performance relative to its industry peers as demonstrated in the L&A industry performance study (see *Benchmarking Performance Peers* above), the L&A benchmarking study, the fact that a significant portion of the long-term incentive compensation was to have performance-based vesting and not time-based vesting, Mr. Rowley's input (on all individuals other than himself), the Compensation Committee's assessment of the executive's importance and contribution to the organization, and the executive's level of responsibility.

The value granted was allocated 20% to performance-vesting restricted stock (Company financial metric), 20% to performance-vesting cash awards (Company financial metric as well as individual performance metrics), and 60% to time-vesting stock options. The Committee views time-vesting stock options as pay-for-performance because they are of value only if and to the extent that the share price at the time of exercise exceeds the price on the date of grant. Time-vesting awards further enhance retention of key employees. The Committee believes that the structure of the fiscal 2013 long-term compensation program is consistent with the Compensation Committee's philosophy of linking compensation to our performance.

Restricted Stock Grant

On June 19, 2012, the Compensation Committee approved restricted stock awards under the long-term Incentive Plan to a group of its key employees, including its Named Executive Officers. The awards are comprised of shares of restricted stock which vest based upon the achievement by the Company of an average return on equity for the ten years ended March 31, 2013 of at least 15%, and, if earned, become fully vested one-fifth upon the first anniversary of the date of grant and one-fifth on March 31 for each of the following four years (in each case assuming continued service through such dates). The terms and conditions of the restricted stock are substantially the same as the restricted stock grants made in fiscal 2012, except that the performance criterion is as described above and vesting of earned shares will occur ratably as described above. Any shares of restricted stock that were not earned at the end of fiscal 2013 were to be forfeited. As in the case of prior equity awards, the restricted stock will also vest upon a change in control of the Company. See *Change in Control Benefits* below.

The number of shares of restricted stock granted was determined by reference to the market price of our Common Stock on the date of grant. The following table shows the restricted stock granted to each of the Company's Named Executive Officers on June 19, 2012:

Name	Shares of Restricted Stock
Steven R. Rowley	15,435
D. Craig Kesler	4,119
Gerald J. Essl	4,453
David B. Powers	4,453
James H. Graass	4,119

In May 2013, the Compensation Committee certified that 100% of the restricted stock was earned, based on the Company's 16.6% average return on equity for the ten years ended March 31, 2013. One-fifth of the shares vested on the first anniversary of the date of grant, and the remaining four-fifths will vest ratably on March 31 of 2014, 2015, 2016 and 2017.

Cash Awards

On June 19, 2012, the Compensation Committee approved the Eagle Materials Inc. Long-Term Cash Compensation Program for Fiscal 2013. Participants in the program were a group of the Company's key employees, including its Named Executive Officers. The awards are comprised of cash which vests based upon the achievement by the Company of earnings before interest and taxes for the fiscal year ended March 31, 2013 of over \$40 million. If the Company performance vesting criterion is satisfied, then the Compensation Committee may exercise negative discretion with regard to the cash award based on the employee's achievement of individual goals established by the Compensation Committee. Following any such exercise of negative discretion, the cash awards become fully vested one-fifth upon the vesting determination date and one-fifth on March 31 for each of the following four years (in each case assuming continued service through such dates). Any cash awards not

earned at the end of fiscal 2013 were to be forfeited. As in the case of prior equity awards, the cash program provides that the awards will vest upon a change in control of the Company. See "Change in Control Benefits" below.

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The following table shows the potential cash award granted to each of the Company's Named Executive Officers on June 19, 2012:

Name	Cash Award
Steven R. Rowley	\$ 520,000
D. Craig Kesler	138,750
Gerald J. Essl	150,000
David B. Powers	150,000
James H. Graass	138,750

In May 2013, the Compensation Committee certified that the Company's earnings before interest and taxes for the fiscal year ended March 31, 2013 satisfied the Company performance goal. The Committee then had the opportunity to exercise negative discretion based on a grantee's achievement of individual non-quantitative goals that had been previously established by the Committee. No such negative discretion was exercised by the Committee with respect to the Named Executive Officers, who earned the following cash award amounts:

Mr. Rowley \$520,000; Mr. Kesler \$138,750; Mr. Essl \$150,000; Mr. Powers \$150,000; and Mr. Graass \$138,750. One-fifth of the earned cash award was paid upon the vesting determination date, and the remaining four-fifths will be paid ratably on March 31 of 2014, 2015, 2016 and 2017.

Stock Option Grant

Also on June 19, 2012, the Compensation Committee approved stock option awards under the long-term Incentive Plan to a group of its key employees, including its Named Executive Officers. The awards are comprised of stock options which vest ratably over three years on June 19, 2013; June 19, 2014; and June 19, 2015 (in each case assuming continued service through such dates). The Compensation Committee believes that the percentage of total long-term compensation represented by these options (60%) is consistent with competitive pay practices, preserves the Company's compensation philosophy that a significant portion of an executive's pay should be at risk, while at the same time creating a strong incentive for management to grow the Company.

The terms and conditions of the stock options are substantially the same as the stock option grants in fiscal 2012. As in the case of prior equity awards, the stock options will also vest upon a change in control of the Company. See "Change in Control Benefits" below. In accordance with the terms of the Company's Incentive Plan in effect on the date of grant, the exercise price of the stock options is the closing price of the Company's Common Stock on the date of grant, June 19, 2012 (\$33.69).

The number of option shares granted to our Named Executive Officers was determined by valuing the options on the date of grant using the Black-Scholes method. The following table shows the stock options granted to each of the Named Executive Officers on June 19, 2012:

Name	Number of Stock Options
Steven R. Rowley	120,618
D. Craig Kesler	32,184
Gerald J. Essl	34,794
David B. Powers	34,794
James H. Graass	32,184

Profit Sharing and Retirement Plan

Each of the Named Executive Officers is a participant in our Profit Sharing and Retirement Plan, which we refer to as our PSRP. The PSRP is a qualified defined contribution plan covering substantially all salaried employees of the Company and our subsidiaries. Participants in this plan may elect to make pre-tax contributions of up to 70% of their base salary subject to the limit under Internal Revenue Code Section 402(g) (currently \$17,500), employee after-tax contributions of up to 10% of base salary and, if the participant is at least age 50, catch-up contributions up to the statutory limit under Internal Revenue Code Section 414(v) (currently \$5,500). In addition, the PSRP provides for a discretionary employer profit sharing contribution that is a percentage of base salary for the year. Participants are fully vested to the extent of their pre-tax and after-tax contributions and become vested in the employer profit sharing contribution over a six-year period (i.e., 20% per year beginning with the second year of service). Prior to fiscal 2008, employer profit sharing contributions vested over a seven-year period, but changes in tax laws led to the shorter current vesting period. All of the Named Executive Officers have been employed by the Company or our affiliates long enough

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to be fully vested. Participants are entitled to direct the investment of contributions made to the PSRP on their behalf in various investment funds, including up to 15% in a common stock fund. Such amounts are payable upon a participant's termination of employment,

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disability or death in the form of a lump sum, installments or direct rollover to an eligible retirement plan, as elected by the participant. At the participant's election, amounts invested in the Common Stock fund are distributable in shares of our Common Stock. Employer profit sharing contributions made to the PSRP on behalf of our Named Executive Officers in fiscal 2013 are reflected in the Summary Compensation Table located on page 35 of this proxy statement. A list of the investment funds provided under the PSRP is provided in the footnotes to the Nonqualified Deferred Compensation Table located on page 42 of this proxy statement.

SERP

In fiscal 1995, the Board approved our Supplemental Executive Retirement Program, which we will refer to as our SERP, for certain employees participating in the PSRP. Internal Revenue Code Section 401(a)(17) limits the amount of annual compensation (\$250,000 for the year covered by this proxy statement) that may be considered in determining our contribution to the PSRP for the account of an eligible participant. The SERP was established to eliminate the adverse treatment that higher-salaried employees receive as a result of such limit by making a contribution for each participant in an amount substantially equal to the additional employer profit sharing contribution that he or she would have received under the PSRP had 100% of his or her base salary been eligible for a profit sharing contribution. As in the case of the PSRP, annual incentive bonuses paid to participants are not included when determining the amount of contributions to the SERP. The Compensation Committee believes that the SERP therefore allows us to confer the full intended benefit of the employer profit sharing contribution under the PSRP without the arbitrary limitation of the Internal Revenue Code rules noted above. Contributions accrued under the SERP for the benefit of the higher-salaried employees vest under the same terms and conditions as under the PSRP (i.e., over a six-year period) and may be invested by the participant in several of the same investment options as offered under the PSRP. Benefits under the SERP are payable upon the participant's termination of employment in a lump sum or installments as elected by the participant in accordance with the terms of the SERP, subject to the six month delay in payment for key employees under Internal Revenue Code Section 409A to the extent applicable. As with the PSRP, all of the Named Executive Officers have been employed by the Company or our affiliates long enough to be fully vested. Employer contributions to the SERP of our Named Executive Officers in fiscal 2013 are reflected in the Summary Compensation Table located on page 35 of this proxy statement. A list of the investment funds provided under the PSRP is provided in the footnotes to the Nonqualified Deferred Compensation Table located on page 42 of this proxy statement.

Salary Continuation Plan

The Named Executive Officers, along with other officers and key employees, are participants in our Salary Continuation Plan, which we refer to as the SCP. Under this plan, in the event of the death of a participating employee, we will pay such employee's beneficiaries one full year of base salary in the first year following death and 50% of base salary each year thereafter until the date such employee would have reached normal Social Security retirement age, subject to a maximum amount of \$1.5 million. Payments are made to the employee's beneficiary on a semi-monthly basis. The purpose of the plan is to provide some financial security for the families of the participating employees, which assists the Company in attracting and retaining key employees. Benefit amounts under the plan are intended to provide a basic level of support for beneficiaries. To cover these potential obligations, we pay the premiums on life insurance policies covering the life of each participating employee. Such policies are owned by the Company and proceeds from such policies would be initially paid to the Company. Premiums paid on policies covering our Named Executive Officers in fiscal 2013 are reflected in the Summary Compensation Table located on page 35 of this proxy statement. Amounts potentially payable to the beneficiaries of our Named Executive Officers pursuant to the SCP are described in Potential Payments Upon Termination or Change in Control beginning on page 43 of this proxy statement.

Fiscal 2014 Compensation Developments

For fiscal 2014, the Compensation Committee instituted salary increases for the Named Executive Officers, who (with the exception of Mr. Kesler) had not received a salary increase in fiscal 2013. See Elements of Executive Compensation Base Salary above. The base salary increases placed the Named Executive Officers, on average, between the median and the 75th percentile of the L&A benchmarking study. The fiscal 2014 base salaries for the Named Executive Officers were set as follows: Mr. Rowley \$885,000; Mr. Kesler \$330,000; Mr. Essl \$375,000; Mr. Powers \$375,000; and Mr. Graass \$365,000. Considerations that may influence the salary level for a Named Executive Officer include individual performance, the Named Executive Officer's skills or experience, our operating performance and the nature and responsibilities of the position. The Compensation Committee has not made any long-term incentive equity grants for fiscal 2014, but anticipates considering making such grants following the Annual Meeting.

Change in Control Benefits

Equity awards and cash awards under our Incentive Plan are generally subject to accelerated vesting, without regard to whether any applicable performance criteria have been or will be satisfied, upon the occurrence of a change in control as defined in the applicable award agreement. Under the award agreements or incentive program documents, a change in control is defined as (i) the acquisition by any person or entity of 50% or more of the outstanding shares of any single class of our Common Stock or 40% or more of outstanding shares of all classes of our Common

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Stock; (ii) a change in the composition of our Board such that the current members of the Board cease to constitute a majority of the Board; or (iii) the consummation of a merger, dissolution, asset disposition, consolidation or share exchange, unless (1) more than 50% of the stock following such transaction is owned by persons or entities who were stockholders of the Company prior to such transaction, (2) following such transaction, no person or entity owns 40% or more of

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the common stock of the corporation resulting from such transaction, and (3) at least a majority of the members of the resulting corporation's board of directors were members of our Board. If a change in control occurs, any unvested outstanding stock options, restricted stock, restricted stock units or cash awards would generally become immediately fully vested, and, in the case of stock options, exercisable or, in the case of restricted stock, RSUs or cash awards, payable, in each case without regard to whether any applicable performance criteria have been or will be satisfied. See "Potential Payments Upon Termination or Change in Control" on page 43 of this proxy statement. We believe the provision of these change in control benefits is generally consistent with market practice among our peers, is a valuable executive talent retention incentive and is consistent with the objectives of our overall executive compensation program. For example, the equity vesting provides employees with the same opportunities as stockholders, who are generally free to sell their equity at the time of the change in control event and thereby realize the value created at the time of the transaction.

Stock Ownership Guidelines

In order to align the interests of the Named Executive Officers with our stockholders, and to promote a long-term focus for the officers, the Board of Directors has adopted executive stock ownership guidelines for the officers of the Company and our subsidiaries.

The guidelines for the Named Executive Officers are expressed as a multiple of base salary as set forth below (with actual ownership reflected as of the record date for the annual meeting):

Name	Multiple of Salary Ownership Guidelines	Number of Shares of Common Stock ⁽¹⁾	Actual Ownership ⁽²⁾
Steven R. Rowley	5X	83,400	167,666
D. Craig Kesler	3X	26,900	65,223
Gerald J. Essl	3X	22,200	50,143
David B. Powers	3X	22,200	45,436
James H. Graass	3X	22,200	58,600

⁽¹⁾ Our stock ownership guidelines for executives are expressed as a number of shares of our Common Stock. The number of shares is determined by multiplying the executive's annual base salary on the date the executive becomes subject to the stock ownership guidelines by the applicable multiple and then dividing the product by the closing price of our Common Stock on the NYSE on the date the executive becomes subject to the policy. The amount is then rounded to the nearest 100 shares.

⁽²⁾ Types of ownership counted toward the guidelines include the following:

Stock holdings in our PSRP;

Direct holdings;

Indirect holdings, such as shares owned by a family member residing in the same household; and

Shares represented by restricted stock or earned RSUs.

Once established, a participant's ownership requirement generally does not change as a result of changes in his or her compensation or fluctuations in the price of our Common Stock but could change in the event of a promotion. Newly elected officers have five years to meet the applicable ownership requirement. Compliance with the ownership guidelines is reviewed annually by the Compensation Committee. Based on the current holdings of the Named Executive Officers, all of the Named Executive Officers have already achieved their stock ownership goal.

Limitations on Tax Deductibility of Compensation

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Section 162(m) of the Internal Revenue Code generally disallows a tax deduction for public corporations for compensation over \$1,000,000 paid in any fiscal year to the corporation's chief executive officer and four other most highly compensated executive officers. However, this law exempts performance-based compensation from the deduction limit if certain requirements are met.

Our Incentive Plan has been approved by our stockholders and Compensation Committee and otherwise meets the requirements for performance-based compensation under Internal Revenue Code Section 162(m). The Eagle Annual Incentive Program is adopted under the structure of our Incentive Plan and is subject to the terms and conditions of that plan, including the requirements for performance-based compensation. The Compensation Committee generally seeks whenever possible to structure annual incentive and long-term incentive compensation awards, such as stock option and restricted stock grants under our Incentive Plan, in a manner that satisfies the Section 162(m) requirements, but reserves the right to award nondeductible compensation as it deems appropriate. Further, because of ambiguities and uncertainties as to the application and interpretation of Section 162(m) and the related regulations, no assurance can be given that compensation intended by the Compensation Committee to satisfy the requirements for deductibility under section 162(m) does in fact do so.

Table of Contents**EXECUTIVE COMPENSATION****Summary Compensation Table**

The following table summarizes all fiscal 2011, 2012 and 2013 compensation earned by or paid to our Named Executive Officers, who consist of our Chief Executive Officer, our Chief Financial Officer and the three most highly compensated executive officers (other than the Chief Executive Officer and Chief Financial Officer) who were serving as executive officers at fiscal year-end.

Name and Principal Position	Fiscal Year Ended March 31,	Salary ⁽¹⁾ (\$)	Bonus ⁽²⁾ (\$)	Stock Awards ⁽³⁾ (\$)	Option Awards ⁽⁴⁾ (\$)	Non-Equity Incentive Plan Compensation ⁽⁵⁾ (\$)	Deferred Compensation Earnings ⁽⁶⁾ (\$)	All Other Compensation ⁽⁶⁾ (\$)	Change in Pension Value and Nonquali- fied Total (\$)
Steven R. Rowley, <i>President and Chief Executive Officer</i>	2013	\$ 860,000	\$ 281,869	\$ 520,000	\$ 1,560,000	\$ 718,131		\$ 125,656	\$ 4,585,656
	2012	860,000		2,850,000	950,000	334,130		88,546	5,082,676
	2011	820,000		1,439,638	131,125	294,944		66,399	2,752,106
D. Craig Kesler, <i>Executive Vice President Finance and Administration & CFO</i>	2013	300,000	50,000	138,750	416,250	426,002		43,844	1,374,846
	2012	275,000		825,000	275,000	133,652		30,627	1,539,279
	2011	256,250		468,291	34,818	110,604		24,138	894,101
Gerald J. Essl, <i>Executive Vice President Cement/Aggregates and Concrete</i>	2013	350,000	100,000	150,000	450,000	408,402		49,815	1,508,217
	2012	350,000		918,750	306,250	212,693		35,296	1,822,989
	2011	333,125		496,768	43,708	209,460		27,590	1,110,652
David B. Powers, <i>Executive Vice President Gypsum</i>	2013	350,000		150,000	450,000	463,921		46,603	1,460,524
	2012	350,000	48,000	918,750	306,250	26,208		33,563	1,682,771
	2011	333,125	78,349	496,768	43,708	5,545		27,257	984,752
James H. Graass, <i>Executive Vice President, General Counsel and</i>	2013	350,000	50,000	138,750	416,250	426,002		48,895	1,429,897
	2012	350,000		862,500	287,500	133,952		35,688	1,669,340
	2011	333,125		477,784	37,782	110,604		29,001	988,296

Secretary

- (1) Includes amounts deferred on a pre-tax or after-tax basis at the election of the executive under our PSRP, which is described in greater detail under "Profit Sharing and Retirement Plan" on page 32 of this proxy statement.
- (2) The amounts in this column represent payments to the Named Executive Officer under the Company's Special Situation Program for the applicable fiscal year.
- (3) The amounts in this column reflect the value of RSU awards and restricted stock awards made to the Named Executive Officer in each of the fiscal years presented and are consistent with the grant date fair value of the award computed in accordance with FASB ASC Topic 718. For assumptions used in determining these values, refer to (a) footnote (J) to the Company's audited financial statements for the fiscal year ended March 31, 2013 included in the Fiscal 2013 Form 10-K; (b) footnote (I) to the Company's audited financial statements for the fiscal year ended March 31, 2012 included in the Fiscal 2012 Form 10-K; and (c) footnote (I) to the Company's audited financial statements for the fiscal year ended March 31, 2011 included in the Company's Annual Report on Form 10-K filed with the SEC on May 26, 2011, or Fiscal 2011 Form 10-K. A portion of the amounts in this column for fiscal 2011 assumes the achievement of less than the highest level of performance conditions. The following table reflects the amounts assuming the highest level of performance conditions (i.e., the maximum amounts payable):

Table of Contents**Value at Highest Level of Performance (Fiscal 2011)**

Name	Hold To Retirement Restricted Stock⁽¹⁾	Restricted Stock Units⁽²⁾	Total
Steven R. Rowley	\$ 1,012,490	\$ 1,708,594	\$ 2,721,084
D. Craig Kesler	354,386	455,625	810,011
Gerald J. Essl	354,386	569,532	923,917
David B. Powers	354,386	569,532	923,917
James H. Graass	354,386	493,594	847,979

- (1) The amount in the Summary Compensation Table column assumes the achievement of the highest level of performance conditions.
- (2) The amount in the Summary Compensation Table column assumes the achievement of less than the highest level of performance conditions with respect to this award. The fiscal 2011 awards to Messrs. Rowley, Kesler and Graass vested at 75.1%, the award to Mr. Powers vested at 62.5%, and the award to Mr. Essl vested at 85.96%. The unvested portion was forfeited.
- (4) The amounts in this column reflect the value of option awards made to the Named Executive Officer in each of the fiscal years presented and are consistent with the grant date fair value of the award computed in accordance with FASB ASC Topic 718. For assumptions used in determining these values, refer to (a) footnote (J) to the Company's audited financial statements for the fiscal year ended March 31, 2013 included in the Fiscal 2013 Form 10-K; (b) footnote (I) to the Company's audited financial statements for the fiscal year ended March 31, 2012 included in the Fiscal 2012 Form 10-K; and (c) footnote (I) to the Company's audited financial statements for the fiscal year ended March 31, 2011 included in the Fiscal 2011 Form 10-K. The amounts in this column for fiscal 2011 assume the achievement of less than the highest level of performance conditions; the amounts assuming the highest level of performance conditions would be as follows: Mr. Rowley \$524,500; Mr. Kesler \$139,274; Mr. Essl \$174,833; Mr. Powers \$174,833; and Mr. Graass \$151,127. The fiscal 2011 awards to Messrs. Rowley, Kesler and Graass vested at 75.1%, the award to Mr. Powers vested at 62.5%, and the award to Mr. Essl vested at 85.96%. The unvested portion was forfeited.
- (5) The amounts in this column represent payments to the Named Executive Officer under the applicable annual incentive compensation program for the applicable fiscal year. For fiscal 2013, the amounts also include the following awards to the Named Executive Officer under the Eagle Materials Inc. Long-Term Cash Compensation Program for Fiscal 2013, which are payable ratably to the Named Executive Officer over 5 years and are described in greater detail under Cash Awards on page 31 of this proxy statement: Mr. Rowley \$520,000; Mr. Kesler \$138,750; Mr. Essl \$150,000; Mr. Powers \$150,000; and Mr. Graass \$138,750. The amounts in this column do not reflect any dividend equivalent units which are accrued by or paid to holders of our RSUs at any time we pay a cash dividend on our Common Stock (see footnote 6 below).
- (6) The amounts shown in this column represent: (1) Company profit sharing contributions to the account of the Named Executive Officer under our PSRP; (2) Company contributions to the account of the Named Executive Officer under our SERP; (3) premium costs to the Company of life insurance policies obtained by the Company in connection with our SCP; (4) wellness awards; and (5) dividend equivalent RSUs. The PSRP is described in greater detail under Profit Sharing and Retirement Plan on page 32 of this proxy statement. During fiscal 2013, the Named Executive Officers each received \$25,000 in employer profit sharing contributions with respect to the PSRP. The SERP is described in greater detail under SERP on page 33 of this proxy statement. During fiscal 2013, the Named Executive Officers received the following employer contributions with respect to the SERP: Mr. Rowley \$61,000; Mr. Kesler \$4,375; Mr. Essl \$10,000; Mr. Powers \$10,000; and Mr. Graass \$10,000. The SCP is described in greater detail under Salary Continuation Plan on page 33 of this proxy statement. During fiscal 2013, the Company paid premium costs in the following amounts for life insurance policies obtained under the SCP with respect to the Named Executive Officers: Mr. Rowley \$5,274; Mr. Kesler \$5,274; Mr. Essl \$1,688; Mr. Powers \$1,938; and Mr. Graass \$3,967. For fiscal 2013, the amounts in this column also include the value of Common Stock paid during such fiscal year for dividend equivalent units. Dividend equivalent units are credited as additional RSUs to holders of our earned RSUs at any time we pay a cash dividend on our Common Stock. The value of the dividend equivalent units is not reflected in the Stock Awards column. In fiscal 2013, the Named Executive Officers were paid Common Stock for dividend equivalent units valued as follows: Mr. Rowley \$34,382; Mr. Kesler \$9,195; Mr. Essl \$13,127; Mr. Powers \$9,529; and Mr. Graass \$9,928. See footnote (1) to the Option Exercises and Stock Vested table on page 41 of this proxy statement.

Table of Contents**Grants of Plan-Based Awards**

The following table sets forth the grants of plan-based awards made during fiscal 2013 to the Named Executive Officers.

Name	Grant Date	Estimated Future Payouts Under Non-Equity Incentive Plan Awards			Estimated Future Payouts Under Equity Incentive Plan Awards			Exercise or Base Price of Option Awards (\$/Sh)	Grant Date Fair Value of Stock and Option Awards ⁽¹⁾
		Threshold (\$)	Target (\$)	Maximum (\$)	Threshold (#)	Target (#)	Maximum (#)		
Steven R. Rowley	5/14/12		\$ 718,131 ⁽²⁾						
	6/19/12		520,000 ⁽³⁾						
	6/19/12						120,618 ⁽⁴⁾	\$ 33.69	\$ 1,560,000
	6/19/12						15,435 ⁽⁵⁾		520,000
D. Craig Kesler	5/14/12		287,252 ⁽²⁾						
	6/19/12		138,750 ⁽³⁾						
	6/19/12						32,184 ⁽⁴⁾	33.69	416,250
	6/19/12						4,119 ⁽⁵⁾		138,750
Gerald J. Essl	5/14/12		258,402 ⁽²⁾						
	6/19/12		150,000 ⁽³⁾						
	6/19/12						34,794 ⁽⁴⁾	33.69	450,000
	6/19/12						4,453 ⁽⁵⁾		150,000
David B. Powers	5/14/12		313,921 ⁽²⁾						
	6/19/12		150,000 ⁽³⁾						
	6/19/12						34,794 ⁽⁴⁾	33.69	450,000
	6/19/12						4,453 ⁽⁵⁾		150,000
James H. Graass	5/14/12		287,252 ⁽²⁾						
	6/19/12		138,750 ⁽³⁾						
	6/19/12						32,184 ⁽⁴⁾	33.69	416,250
	6/19/12						4,119 ⁽⁵⁾		138,750

(1) The amounts included in this column reflect the grant date fair value of the award computed in accordance with FASB ASC Topic 718. Assumptions used in the calculation of these amounts are included in footnote (J) to the Company's audited financial statements for the fiscal year ended March 31, 2013 included in the Fiscal 2013 Form 10-K.

(2) These amounts represent the maximum annual incentive payments potentially payable to the Named Executive Officers pursuant to the Eagle Annual Incentive Program or the Divisional Annual Incentive Bonus Programs, as applicable, for fiscal year 2013. There are no thresholds or maximums for these awards—they are merely a function of multiplying the pre-determined percentage of earnings for the fiscal year. The actual pay-outs to the Named Executive Officers were as follows: Mr. Rowley \$718,131; Mr. Kesler \$287,252; Mr. Essl \$258,402; Mr. Powers \$313,921; and Mr. Graass \$287,252. These incentive programs are described in greater detail under Annual

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- Incentive Bonus beginning on page 26 of this proxy statement.
- (3) These amounts represent the maximum long-term incentive payments potentially payable to the Named Executive Officers pursuant to the Eagle Materials Inc. Long-Term Cash Compensation Program for Fiscal Year 2013. The actual amounts earned by the Named Executive Officers were as follows: Mr. Rowley \$520,000; Mr. Kesler \$138,750; Mr. Essl \$150,000; Mr. Powers \$150,000; and Mr. Graass \$138,750. The first one-fifth of such earned amounts was paid to the Named Executive Officers in May 2013, and the remaining four-fifths will be paid ratably on March 31 of the next four years. This long-term incentive program is described in greater detail under Cash Awards beginning on page 31 of this proxy statement.
- (4) These amounts represent grants of stock options to purchase shares of Common Stock made on June 19, 2012 under our Incentive Plan. One-third of the stock options will vest on June 19, 2013; one-third will vest on June 19, 2014; and one-third will vest on June 19, 2015. These stock options are described in greater detail under Long-Term Incentive Compensation Fiscal 2013 Grants beginning on page 31 of this proxy statement.

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- (5) These amounts represent grants of restricted stock made on June 19, 2012 under our Incentive Plan. The vesting of the restricted stock was subject to performance vesting criteria. One-fifth of the earned restricted stock vested on June 19, 2013, one-fifth will vest on March 31, 2014; one-fifth will vest on March 31, 2015; one-fifth will vest on March 31, 2016; and one-fifth will vest on March 31, 2017. These restricted stock grants are described in greater detail under Long-Term Incentive Compensation Fiscal 2013 Grants beginning on page 31 of this proxy statement.

Table of Contents**Outstanding Equity Awards at Fiscal Year-End**

The following table summarizes stock-based compensation awards outstanding at the end of fiscal 2013 for each of the Named Executive Officers.

Name	Option Awards					Stock Awards			
	Number of Securities Underlying Unexercised Options Exercisable (#)	Number of Securities Underlying Unexercised Options Unexercisable (#)	Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Options (#)	Option Exercise Price (\$)	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested (#)	Market Value of Shares or Units of Stock That Have Not Vested (\$) ⁽¹⁾	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested (#)	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested (\$) ⁽¹⁾
Steven R. Rowley	14,755		500,000	62.830	05/09/2016	62,114 ⁽²⁾	4,138,656	15,435 ⁽³⁾	1,028,434
	197,000			47.530	06/20/2014	33,333 ⁽⁴⁾	2,220,978		
	33,232			26.695	08/21/2015				
	29,540	59,080 ⁽⁵⁾		30.735	05/18/2020				
		120,618 ⁽⁶⁾		27.530	06/27/2021				
D. Craig Kesler	1,342		35,000	62.830	05/09/2016	17,980 ⁽²⁾	1,198,008	4,119 ⁽³⁾	274,449
				47.530	06/20/2014	4,000 ⁽⁷⁾	266,520		
	8,825			30.735	05/18/2020	11,667 ⁽⁴⁾	777,373		
	8,551	17,102 ⁽⁵⁾		27.530	06/27/2021				
		32,184 ⁽⁶⁾		33.690	06/19/2022				
Gerald J. Essl	4,695		87,000	62.830	05/09/2016	20,023 ⁽²⁾	1,334,133	4,453 ⁽³⁾	296,704
				47.530	06/20/2014	11,667 ⁽⁴⁾	777,373		
	12,680			30.735	05/18/2020				
	9,523	19,046 ⁽⁵⁾		27.530	06/27/2021				
		34,794 ⁽⁶⁾		33.690	06/19/2022				
David B. Powers	4,695		122,000	62.830	05/09/2016	20,023 ⁽²⁾	1,334,133	4,453 ⁽³⁾	296,704
				47.530	06/20/2014	11,667 ⁽⁴⁾	777,373		
	10,000			26.695	08/21/2015				
	9,219			30.735	05/18/2020				
	9,523	19,046 ⁽⁵⁾		27.530	06/27/2021				
	34,794 ⁽⁶⁾	33.690	06/19/2022						
James H. Graass	3,354		122,000	62.830	05/09/2016	18,798 ⁽²⁾	1,252,511	4,119 ⁽³⁾	274,449
				47.530	06/20/2014	11,667 ⁽⁴⁾	777,373		
	9,576			30.735	05/18/2020				
	8,940	17,880 ⁽⁵⁾		27.530	06/27/2021				
	32,184 ⁽⁶⁾	33.690	06/19/2022						

(1) Based on the closing price per share of Common Stock on the NYSE on March 28, 2013 (\$66.63).

(2) Represents restricted stock granted on June 27, 2011 under our Incentive Plan. Restrictions will lapse ratably on the remaining restricted shares on March 31, 2014; March 31, 2015; and March 31, 2016.

(3) Represents restricted stock granted on June 19, 2012 under our Incentive Plan. The Compensation Committee determined in May 2013 (i.e., after the end of fiscal 2013) that 100% of such stock was earned. One-fifth of the earned restricted shares was paid to the Named Executive Officer on June 19, 2013. Restrictions will lapse on the remaining four-fifths of the restricted shares on March 31, 2014; March 31, 2015; March 31, 2016; and March 31, 2017.

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- (4) Represents restricted stock granted on May 18, 2010 under our Incentive Plan. Restrictions will lapse upon the Named Executive Officer meeting the requirements of retirement, as defined in the award agreement.
- (5) Represents stock options granted on June 27, 2011 under our Incentive Plan. The options vest ratably over 3 years.
- (6) Represents stock options granted on June 19, 2012 under our Incentive Plan. The options vest ratably over 3 years.

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- (7) Represents the remaining unvested shares under a restricted stock grant of 10,000 shares made to Mr. Kesler in connection with his promotion to Chief Financial Officer on August 21, 2009 under our Incentive Plan. The remaining shares will vest as follows: 2,000 on August 21, 2013; and 2,000 on August 21, 2014.

Table of Contents**Option Exercises and Stock Vested**

The following table sets forth information regarding the exercise of stock options and the vesting of restricted stock or restricted stock units during fiscal 2013 for each of our Named Executive Officers.

Name	Option Awards		Stock Awards	
	Number of Shares Acquired on Exercise (#)	Value Realized on Exercise (\$)	Number of Shares Acquired on Vesting ⁽¹⁾ (#)	Value Realized on Vesting ⁽²⁾ (\$)
Steven R. Rowley			56,007	\$ 3,117,845
D. Craig Kesler	20,500	\$ 578,042	7,994 ⁽³⁾	301,779
Gerald J. Essl	54,000	2,158,619	18,919	1,062,661
David B. Powers	38,000	1,111,153	17,399	961,383
James H. Graass	97,665	3,941,888	16,749	930,200

- (1) Except for Mr. Kesler, all of the amounts in this column represent shares of Common Stock received by the Named Executive Officer in connection with the payment of shares in accordance with the terms of previously granted RSUs. A portion of the RSUs were dividend equivalent units which are credited to holders of our RSUs at any time we pay a cash dividend on our Common Stock. Dividend equivalent units reflected in this column are as follows: Mr. Rowley 516, Mr. Kesler 138, Mr. Essl 197, Mr. Powers 143, and Mr. Graass 149.
- (2) The amount in this column represents the dollar amount realized by the Named Executive Officer valued at the time of the vesting of such shares.
- (3) This amount includes 2,000 shares of Common Stock for which restrictions lapsed during fiscal 2013 under the terms of a restricted stock grant of 10,000 shares made to Mr. Kesler on August 21, 2009 under our Incentive Plan.

Table of Contents**Nonqualified Deferred Compensation****In FY 2013**

Name	Executive Contributions in Last FY (\$)	Registrant Contributions in Last FY ⁽¹⁾ (\$)	Aggregate Earnings in Last FY ⁽²⁾ (\$)	Aggregate Withdrawals/Distributions (\$)	Aggregate Balance at Last FYE ⁽³⁾ (\$)
Steven R. Rowley		\$ 61,000	\$ 118,556		\$ 965,678
D. Craig Kesler		4,375	424		7,551
Gerald J. Essl		10,000	5,164		329,327
David B. Powers		10,000	9,921		94,003
James H. Graass		10,000	11,640		124,131

- (1) The amounts in this column represent contributions made by the Company for the account of the Named Executive Officers during fiscal 2013 under our SERP. The SERP is an unfunded, non-qualified plan for certain executives of the Company. Under the SERP, the Company makes contributions to the account of the executive in an amount substantially equal to the additional contributions he would have received under the PSRP had 100% of his annual salary been eligible for a profit sharing contribution. The SERP is described in greater detail under "SERP" on page 33 of this proxy statement. The amounts in this column are reflected in the "All Other Compensation" column of the Summary Compensation Table located on page 35.
- (2) The Company also maintains the Eagle Materials Inc. Deferred Compensation Plan. Under this Deferred Compensation Plan, eligible executives were allowed to defer the receipt of a portion of their salary or annual bonus for fiscal 2001, up to 75% of such amounts. For fiscal years after fiscal 2001, the Deferred Compensation Plan was closed to additional employee deferrals. Amounts under the Deferred Compensation Plan are payable at a date certain or upon the participant's termination of employment, disability or death in the form of a lump sum or installments as elected pursuant to the terms of the plan. Such amounts are not subject to the six month delay applicable to key employees under Internal Revenue Code Section 409A. The earnings in this column reflect earnings or losses on balances in the Named Executive Officer's SERP account and Deferred Compensation Plan account. A Named Executive Officer may designate how his account balances are to be invested by selecting among the investment options available under our PSRP, with the exception of the Common Stock fund. Because these earnings are not above market, they are not included in the Summary Compensation Table on page 35 of this proxy statement. The table below shows the investment options available under our PSRP (other than the Common Stock fund) and the annual rate of return for the 12 month period ended March 31, 2013, as reported to us by the administrator of the plan.

Fund	Rate of Return
ABF Large Cap Value	15.83%
CBA Aggressive Growth I	20.48%
Mainstay Large Cap Growth	5.63%
Spartan 500 Index Fund	13.94%
Fidelity Low Price Stock Fund	14.77%
JP Morgan Midcap Growth Fund	9.23%
Spartan Extended Market Index Fund	16.73%
ABF Small Cap Value PA	17.75%
Baron Small Cap Fund	17.45%
Harbor International Adm	7.57%
Spartan International Index Adv	11.30%
Fidelity Freedom 2000 Fund	4.70%
Fidelity Freedom 2010 Fund	7.43%
Fidelity Freedom 2020 Fund	8.12%
Fidelity Freedom 2030 Fund	9.30%
Fidelity Freedom 2040 Fund	9.94%
Fidelity Freedom Income Fund	4.79%
Fidelity Managed Income Portfolio	1.20%

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Spartan US Bond Index	3.85%
Vanguard Inflation Protected Securities Fund	5.78%
Fidelity Retirement Money Market	0.01%

- (3) The amounts in this column represent the sum of: (i) the balance in the Named Executive Officer's account under the SERP; and (ii) the balance in the Named Executive Officer's account under the Company's Deferred Compensation Plan.

Table of Contents**POTENTIAL PAYMENTS UPON TERMINATION OR CHANGE IN CONTROL**

The following is a summary of the potential payments payable to the Named Executive Officers upon termination of employment or a change in control of the Company under current compensation programs. Specifically, compensation payable to each Named Executive Officer upon voluntary termination, involuntary termination or in the event of death or disability and change in control is discussed below. The amounts shown in the tables below assume that such termination was effective as of March 31, 2013, and are therefore estimates of the amounts which would be paid out to the executives (or their beneficiaries) upon their termination. Due to the number of factors that affect the nature and amount of any benefits provided upon the events discussed below, any actual amounts paid or distributed may be different. Factors that could affect these amounts include the timing during the year of any such event, the price of our Common Stock and the executive's age.

Payments Made Upon Any Termination

Deferred Compensation. The amounts shown in the table below do not include distribution of plan balances under our Deferred Compensation Plan or SERP. These balances are shown in the Nonqualified Deferred Compensation in FY 2013 Table on page 42 of this proxy statement.

Death and Disability. A termination of employment due to death or disability does not entitle the Named Executive Officer to any payments that are not available to salaried employees generally, except for benefits payable to the beneficiaries of the Named Executive Officers in the event of termination due to death under our Salary Continuation Plan. A description of our Salary Continuation Plan is set forth under Salary Continuation Plan on page 33 of this proxy statement.

Accrued Pay and Profit Sharing Plan Benefits. The amounts shown in the table below do not include payments and benefits to the extent they are provided on a non-discriminatory basis to salaried employees generally upon termination of employment or relate to equity grants that have already vested. These include:

accrued salary pay through the date of termination;

non-equity incentive compensation earned and payable prior to the date of termination;

option grants received under the Incentive Plan which have already vested and are exercisable prior to the date of termination (subject to the terms of the applicable Nonqualified Stock Option Agreement);

restricted stock grants or restricted stock unit grants received under the Incentive Plan which have already vested prior to the date of termination (subject to the terms of the applicable Restricted Stock or Restricted Stock Unit Agreement); and

unused accrued vacation pay.

Type of Payment	Involuntary Termination or Voluntary Termination (non Change in Control) (\$)	Death or Disability (\$)	Change in Control ⁽¹⁾ (\$)
Steven R. Rowley			
<i>Long-Term Incentives</i>			
Stock Options			
Unexercisable and Accelerated Awards			\$ 15,833,185 ⁽²⁾

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Restricted Stock Award		
Unvested and Accelerated Awards		7,388,068 ⁽³⁾
<i>Benefits</i>		
Salary Continuation Plan Payments	\$ 1,500,000 ⁽⁴⁾	
ROWLEY TOTAL	\$ 1,500,000	\$ 23,221,253

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Type of Payment	Involuntary Termination or Voluntary Termination (non Change in Control) (\$)	Death or Disability (\$)	Change in Control ⁽¹⁾ (\$)
D. Craig Kesler			
<i>Long-Term Incentives</i>			
Stock Options			
Unexercisable and Accelerated Awards			\$ 2,397,330 ⁽²⁾
Restricted Stock Award			
Unvested and Accelerated Awards			2,516,350 ⁽³⁾
<i>Benefits</i>			
Salary Continuation Plan Payments		\$ 1,500,000 ⁽⁴⁾	
	KESLER TOTAL	\$ 1,500,000	\$ 4,913,680
Gerald J. Essl			
<i>Long-Term Incentives</i>			
Stock Options			
Unexercisable and Accelerated Awards			\$ 3,552,513 ⁽²⁾
Restricted Stock Award			
Unvested and Accelerated Awards			2,408,210 ⁽³⁾
<i>Benefits</i>			
Salary Continuation Plan Payments		\$ 700,000 ⁽⁴⁾	
	ESSL TOTAL	\$ 700,000	\$ 5,960,723
David B. Powers			
<i>Long-Term Incentives</i>			
Stock Options			
Unexercisable and Accelerated Awards			\$ 4,221,013 ⁽²⁾
Restricted Stock Award			
Unvested and Accelerated Awards			2,408,210 ⁽³⁾
<i>Benefits</i>			
Salary Continuation Plan Payments		\$ 700,000 ⁽⁴⁾	
	POWERS TOTAL	\$ 700,000	\$ 6,629,223
James H. Graass			
<i>Long-Term Incentives</i>			
Stock Options			
Unexercisable and Accelerated Awards			\$ 4,089,449 ⁽²⁾
Restricted Stock Award			
Unvested and Accelerated Awards			2,304,333 ⁽³⁾
<i>Benefits</i>			
Salary Continuation Plan Payments		\$ 1,500,000 ⁽⁴⁾	
	GRAASS TOTAL	\$ 1,500,000	\$ 6,393,782
	AGGREGATE TOTAL FOR NAMED EXECUTIVE OFFICERS	\$ 5,900,000	\$ 47,118,661

- (1) The definition of "Change in Control" is described under "Change in Control Benefits" on page 33 of this proxy statement.
- (2) Represents the dollar value of the unexercisable stock options that are accelerated because of a change in control based on the amount, if any, that the closing price of our Common Stock on March 28, 2013 (\$66.63) exceeds the exercise price of the stock option.
- (3) Represents the dollar value of the restricted stock for which restrictions will lapse upon a change in control based on the closing price of our Common Stock on March 28, 2013 (\$66.63).

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- (4) Under the terms of our SCP, in the event of a Named Executive Officer's death while employed by the Company, such Named Executive Officer's beneficiaries would receive the following payments, which would be paid from the proceeds of a life insurance policy purchased by the Company covering such Named Executive Officer (calculated based on fiscal 2013 salaries):
- a. Rowley \$860,000 in a lump sum payment plus \$430,000 per year until the beneficiaries have received a total of \$1,500,000 in payments.
 - b. Kesler \$300,000 in a lump sum payment plus \$137,500 per year until the beneficiaries have received a total of \$1,500,000 in payments.
 - c. Essl \$350,000 in a lump sum payment plus \$175,000 per year until the date Mr. Essl would have reached 66.

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- d. Powers \$350,000 in a lump sum payment plus \$175,000 per year until the date Mr. Powers would have reached 66.
- e. Graass \$350,000 in a lump sum payment plus \$175,000 per year until the beneficiaries have received a total of \$1,500,000 in payments.

Table of Contents**STOCK OWNERSHIP****Management**

We encourage stock ownership by our directors, officers and employees to align their interests with your interests as stockholders. The following table shows the beneficial ownership of our Common Stock, as of the record date for the annual meeting by: (a) each director, (b) each of our current executive officers and (c) by all directors and executive officers of the Company as a group (15 persons). Except as otherwise indicated, all shares are owned directly, and the owner of such shares has the sole voting and investment power with respect thereto.

Amount and Nature of Beneficial Ownership ⁽¹⁾

	Number of Shares Beneficially Owned(2)	Percentage of Common Stock
F. William Barnett	111,652	*
Ed H. Bowman	2,523	*
Robert L. Clarke(3)	144,067	*
William R. Devlin(4)(5)	48,240	*
Martin M. Ellen		*
Gerald J. Essl(6)	59,666	*
James H. Graass(7)	80,470	*
Laurence E. Hirsch(8)	1,364,523	2.7%
D. Craig Kesler(5) (9)	83,941	*
Michael R. Nicolais(10)	46,356	*
David B. Powers	68,873	*
David W. Quinn	56,321	*
Steven R. Rowley(11)	442,193	*
Richard R. Stewart(12)	27,309	*
Robert S. Stewart(5)	44,615	*
All current directors, nominees and executive officers as a group (15 persons)	2,580,749	5.1%

* Less than 1%

- (1) For purposes of this table, beneficial ownership is determined in accordance with Rule 13d-3 under the Exchange Act, pursuant to which a person is deemed to have beneficial ownership of shares of our stock that the person has the right to acquire within 60 days. For purposes of computing the percentage of outstanding shares of Common Stock held by each person or group of persons named in the table, any shares that such person or persons have the right to acquire within 60 days are deemed to be outstanding, but are not deemed to be outstanding for the purpose of computing the percentage ownership of any other persons.
- (2) Amounts include the following shares of Common Stock that may be acquired upon exercise of stock options awarded under our Incentive Plan: Mr. Barnett 108,274 shares; Mr. Clarke 102,098 shares; Mr. Devlin 6,331 shares; Mr. Essl 9,523 shares; Mr. Graass 21,870 shares; Mr. Hirsch 137,593 shares; Mr. Kesler 18,718 shares; Mr. Nicolais 29,309 shares; Mr. Powers 23,437 shares; Mr. Quinn 28,243 shares; Mr. Rowley 274,527 shares; and Mr. Richard Stewart 19,196 shares; and all directors and executive officers of the Company as a group (15 persons) 779,119 shares. In addition, this table includes shares of Common Stock that are held for the account of participants as of May 3, 2013, pursuant to the Common Stock fund of the PSRP, as follows: Mr. Devlin 1,561 shares; Mr. Graass 714 shares; Mr. Kesler 1,370 shares; Mr. Powers 1,507 shares; Mr. Rowley 2,296 shares; and all directors and executive officers of the Company as a group (15 persons) 7,448 shares. These amounts do not include the RSUs previously granted to the non-employee directors (including dividend equivalent units accrued since the date of grant) disclosed in the table on page 11 of this proxy statement.
- (3) Includes 39,446 shares pledged as collateral for a loan.
- (4) Includes 1,200 shares of Common Stock held in Mr. Devlin's IRA.
- (5) Includes 4,000 shares of Common Stock representing the remaining unvested shares under a restricted stock award originally made to the executive on August 21, 2009.
- (6) Includes 14,000 shares of Common Stock held in trust for Mr. Essl's son.

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- (7) Includes 543 shares of Common Stock held in Mr. Graass' s IRA.
- (8) Includes 1,213,121 shares of Common Stock owned by Highlander Partners, which shares are subject to a negative pledge. Also includes 5,173 shares of Common Stock owned by Hirsch Family Partnership No. 1, Ltd.; and 5,173 shares of Common Stock owned by Hirsch Family Partnership No. 2, Ltd., with respect to which Mr. Hirsch disclaims beneficial ownership.
- (9) Also includes 160 shares of Common Stock held in Mr. Kesler' s IRA.
- (10) Includes (a) 1,386 shares of Common Stock owned by Mr. Nicolais' wife; (b) 1,550 shares of Common Stock owned by the profit sharing plan of Mr. Nicolais' employer; (c) 3,500 shares of Common Stock held in Mr. Nicolais' IRA; (d) 555 shares of Common Stock held in trust (Mr. Nicolais' wife is trustee) for their daughter; and (e) 555 shares of Common Stock held in trust (Mr. Nicolais' wife is trustee) for their son. Mr. Nicolais has disclaimed beneficial ownership of the shares of Common Stock held in trust.
- (11) Includes 1,929 shares held in Mr. Rowley' s IRA. Includes 29,900 shares pledged as collateral for a revolving line of credit with no outstanding balance as of the record date for the annual meeting.
- (12) Includes 7,000 shares owned by Stewart Family Trust.

Certain Beneficial Owners

The table below provides information regarding the only persons we know of who are the beneficial owners of more than five percent of our Common Stock. The number of shares of Common Stock shown in the table as beneficially owned by each person as of the most recent practicable date, which is generally the date as of which information is provided in the most recent beneficial ownership report filed by such person with the SEC. The percentage of our Common Stock shown in the table as owned by each person is calculated in accordance with applicable SEC rules based on the number of outstanding shares of Common Stock as of June 10, 2013, the record date for our annual meeting of stockholders.

Name and Address of Beneficial Owner	Number of Shares Beneficially Owned	Percentage of Common Stock
BlackRock, Inc. ⁽¹⁾ 40 East 52 nd Street New York, NY 10022	4,230,949	8.5%
Fiduciary Management, Inc. ⁽²⁾ 100 East Wisconsin Avenue Suite 2200 Milwaukee, WI 53202	3,039,846	6.1%
Vanguard Group, Inc. ⁽³⁾ 100 Vanguard Blvd. Malvern, PA 19355	2,831,431	5.7%

- (1) Based solely on the information contained in a Schedule 13G/A filed with the SEC on February 1, 2013. Of the shares reported in the Schedule 13G/A, BlackRock, Inc. has sole voting power and sole dispositive power with respect to 4,230,949 shares.
- (2) Based solely on the information contained in a Schedule 13G filed with the SEC on February 10, 2012. Of the shares reported in the Schedule 13G, Fiduciary Management, Inc. has (i) sole voting power with respect to 3,034,721 shares; (ii) sole dispositive power with respect to 3,034,721 shares; (iii) shared voting power with respect to 5,125 shares; and (iv) shared dispositive power with respect to 5,125 shares.
- (3) Based solely on the information contained in a Schedule 13G/A filed with the SEC on February 11, 2013. Of the shares reported in the Schedule 13G/A, Vanguard Group, Inc. has (i) sole voting power with respect to 68,027 shares; (ii) sole dispositive power with respect to 2,765,604 shares; and (iii) shared dispositive power with respect to 65,827 shares.

Related Party Transactions

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Our code of conduct adopted by the Board, which we refer to as Eagle Ethics, includes provisions addressing conflicts of interest which arise when a director, officer, or employee has an interest in a transaction in which the Company is a participant. Eagle Ethics defines a conflict of interest as an activity, investment or association that interferes or might appear to interfere with the judgment or objectivity of an officer or employee in performing his or her job in the best interests of the Company and our shareholders.

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Under Eagle Ethics, officers or employees are encouraged to consult with their supervisors regarding any matter that may involve a conflict of interest. In addition, Eagle Ethics requires that prior approval of the supervisor of an officer or employee, the president of the Eagle business unit in which such officer or employee is employed, and the Company's general counsel before: (1) obtaining an ownership interest in, or position with, an Eagle supplier, contractor, customer or competitor, subject to certain exceptions relating to the ownership of publicly traded securities; (2) employing any relatives where there is either a direct or indirect reporting relationship or a substantial amount of interaction between the relatives on the job; or (3) establishing a business relationship between Eagle and a company in which the officer or employee or his or her relative has an ownership interest or holds a position.

In addition to the above policies included in Eagle Ethics, we have implemented certain informal processes in connection with transactions with related persons. For example, the Company's legal staff is primarily responsible for the development of processes to obtain information from the directors and executive officers with respect to related person transactions and for determining, based on the facts and circumstances, whether the related person has a direct or indirect material interest in the transaction. In addition, all of our employees, executive officers and directors are required to disclose any conflicts of interest in an annual certification reviewed by our Legal Department. After disclosure, some conflicts of interest may be resolved through implementing appropriate controls for our protection. Depending on the identity of the officer or employee involved in a transaction creating a potential conflict of interest, the conflict of interest may be resolved by the Company's legal staff or may be referred to the Audit Committee. Where an appropriately disclosed conflict of interest is minor and not likely to adversely impact us, we may consent to the activity. Such consent may be subject to appropriate controls intended to ensure that transaction as implemented is not adverse to the Company. In other cases where appropriate controls are not feasible, the person involved will be requested not to enter into, or to discontinue, the relevant transaction or relationship. If a potential conflict arises concerning a director or officer of the Company, the potential conflict is disclosed to the Chair of the Audit Committee of the Board for review and disposition. As required under SEC rules, transactions that are determined to be directly or indirectly material to the Company or a related person are disclosed in the annual proxy statements.

During fiscal 2013, the Company engaged KPMG to perform certain purchase price allocation work in connection with the Company's acquisition of assets from Lafarge North America. Our Chief Financial Officer's spouse is a partner at KPMG. During fiscal 2013, we paid KPMG fees of approximately \$125,000. Mr. Kesler's spouse did not work on any Company matters. KPMG's engagement was approved by our Audit Committee in compliance with our pre-approval procedures.

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Exchange Act requires the Company's directors and executive officers, and persons who beneficially own more than 10% of a registered class of the Company's equity securities, to file initial reports of ownership, reports of changes in ownership and annual reports of ownership with the SEC and the NYSE. These persons are required by SEC regulations to furnish the Company with copies of all Section 16(a) forms that they file with the SEC.

Based solely on our review of the copies of such forms we received with respect to fiscal 2013 or written representations from certain reporting persons, the Company believes that its directors and executive officers, and persons who beneficially own more than 10% of a registered class of the Company's equity securities, have complied with all filing requirements of Section 16(a) for fiscal 2013 applicable to such persons, except for one late Form 4 for each executive officer related to shares withheld for taxes in connection with the vesting of RSUs.

Code of Conduct

The Company's code of conduct, Eagle Ethics, applies to all of the Company's employees, including the Company's officers. Eagle Ethics also applies to the Board of Directors. The Company's code of conduct is designed to deter wrongdoing and to promote:

honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;

compliance with applicable governmental laws, rules and regulations;

the prompt internal reporting of violations of the code of conduct to an appropriate person or persons identified in the code of conduct; and

accountability for adherence to the code of conduct.

All of the Company's employees and directors are required to certify to the Company, on an annual basis, that they have complied with the Company's code of conduct without exception or, if they have not so complied, to list the exceptions. The Company has posted the text of its code of conduct on its Internet website at www.eaglematerials.com (click on "Investor Relations", then on "Corporate Governance", then on "Eagle Ethics" under the heading "Code of Ethics"). Additionally, the Company will provide without charge a copy of the code of conduct to any person upon written request to our Secretary at our principal executive office.

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PROPOSAL NO. 2: ADVISORY VOTE ON COMPENSATION OF OUR NAMED EXECUTIVE OFFICERS

We are seeking your advisory vote approving the compensation paid to our named executive officers as disclosed in this proxy statement. We believe the structure of our executive compensation programs promotes our business objectives and serves to motivate, attract and retain executive talent.

We urge stockholders to read our Compensation Discussion and Analysis beginning on page 18 of this proxy statement, which describes in more detail how our executive compensation policies and programs operate.

We are seeking stockholder approval of the following advisory resolution:

RESOLVED, that the compensation paid to the Company's named executive officers, as disclosed pursuant to the compensation disclosure rules of the Securities and Exchange Commission, including the Compensation Discussion and Analysis, the compensation tables and the related material disclosed in this Proxy Statement, is hereby approved by the stockholders of the Company on an advisory basis.

Although the vote on this proposal is advisory and nonbinding, the Compensation Committee and the Board will review the results of the vote and consider them when making future determinations regarding our executive compensation programs. The affirmative vote of a majority of the votes cast by shares entitled to vote thereon is required for the approval of the foregoing resolution. Abstentions and broker non-votes are not counted as votes cast, and therefore do not affect the approval of the resolution.

Recommendation of the Board

Our Board of Directors recommends that holders of Common Stock vote for the non-binding advisory resolution approving the compensation paid to our named executive officers.

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PROPOSAL NO. 3: APPROVAL OF THE 2013 PLAN

Overview

Awards based on our Common Stock are a major part of long-term compensation for our key employees and non-employee directors. We believe such awards help us to attract and retain the talented members of our management team. As noted in the Compensation Discussion and Analysis beginning on page 18, for many years we have recognized that structuring long-term equity incentive awards to executives helps to align their financial interests with the interests of our stockholders. Our current Incentive Plan affords our Compensation Committee flexibility to determine the type of compensatory awards that provide appropriate incentives and encourage stock ownership among key employees and non-employee directors. Our current Incentive Plan expires in January 2014.

In order to ensure that shares of our Common Stock continue to be available for use by the Compensation Committee in making awards in the form of stock options, restricted stock, stock units and other stock-based awards, our Board of Directors has, subject to stockholder approval, approved our Amended and Restated Incentive Plan, which we refer to as the 2013 Plan. We refer to the existing Incentive Plan as the Prior Plan. The Board is presenting the 2013 Plan to the stockholders at the 2013 Annual Meeting because this is the last regularly scheduled stockholder meeting before the Prior Plan expires in January 2014.

A summary of the principal provisions of the 2013 Plan are set forth below. The full text of the 2013 Plan is annexed to this proxy statement as *Appendix A*. The following summary is qualified in its entirety by reference to *Appendix A*. Approval of the 2013 Plan requires the favorable vote of a majority of the votes cast, provided that the votes cast represent over 50% of our outstanding shares. No awards may be granted under the 2013 Plan after the tenth anniversary of the date on which the stockholders approve the 2013 Plan.

Share Summary and Historical Award Information

In approving the 2013 Plan, the Board considered the overhang of currently outstanding awards. As of March 31, 2013, there were 3,625,734 shares of Common Stock subject to outstanding awards and an additional 1,302,263 shares of Common Stock available for future awards under the Prior Plan. Of the shares of Common Stock subject to outstanding awards under the Prior Plan, 3,022,592 are stock options, and 603,142 are either restricted stock or RSUs. The weighted average remaining term of our options currently outstanding under the Prior Plan is 4.17 years, and the weighted average exercise price is \$37.83. Of the shares available for future award under the Prior Plan, up to 106,417 shares are available for issuance of stock awards that are not option awards or SARs. The overhang on a fully diluted basis of the outstanding awards is approximately 6.31%.

The Board also considered the Company's historical burn rate, as well as the number of awards granted in the prior three fiscal years. The Company's three-year average equity expenditures, referred to as the burn rate (calculated using Institutional Shareholder Services, which we refer to as ISS, methodology), was 2.33%, which was lower than ISS's applicable policy guidelines maximum burn rate of 3.08%. The Board also considered that the Prior Plan expires in January 2014.

The 2013 Plan, as adopted by our Board of Directors on May 16, 2013, authorizes the following shares of Common Stock for grant under the 2013 Plan: 1,302,263 (subject to a 106,417 stock award sub-limit), plus 3,000,000 (subject to a 1,500,000 stock award sub-limit), for a total of 4,302,263 shares (subject to a 1,606,417 stock award sub-limit). Because Proposal No. 3 does not contemplate the amount or timing of specific equity awards in the future, it is not possible to calculate the amount of subsequent dilution that may ultimately result from such awards.

Awards that have been granted under the Prior Plan prior to the approval of the 2013 Plan will continue to be outstanding following the approval of the 2013 Plan and shall be subject to the provisions of the 2013 Plan. If the stockholders do not approve the 2013 Plan, the Prior Plan will remain in effect. However, future awards would be limited to the shares remaining from the previously authorized shares for issuance under the Prior Plan, and we would be severely restricted in the equity awards that we could make to key employees and non-employee directors because no awards could be made after January 2014.

Summary of the 2013 Plan

The principal provisions of the 2013 Plan are summarized below. The summary is qualified in its entirety by reference to the full text of the 2013 Plan, which is attached as *Appendix A* to this proxy statement.

Eligible Class

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Persons eligible to be considered for awards under the 2013 Plan are our directors and all employees of the Company and certain of our subsidiaries and joint ventures who hold positions of responsibility and whose performance, in the judgment of the Compensation Committee, can have a significant effect on ourselves and the success of our affiliates.

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Shares Available for Awards

The aggregate of 1,302,263 shares of Common Stock that were remaining for grant under the Prior Plan on March 31, 2013, plus an additional 3,000,000 shares of Common Stock shall be available for awards under the 2013 Plan, granted or payable wholly or partly in Common Stock (including rights or options that may be exercised for or settled in Common Stock). 4,302,263 shares of Common Stock would be available for issuance pursuant to incentive stock options. No more than 1,606,417 shares of Common Stock would be available for issuance under the 2013 Plan pursuant to stock awards that are not option awards or SARs. Each grant of an option award or SAR will reduce the number of shares of Common Stock available for issuance under the 2013 Plan by the full number of shares underlying the grant.

If (1) any shares of Common Stock subject to an award under the 2013 Plan are forfeited, an award under the 2013 Plan expires or an award is settled for cash, or (2) after March 31, 2013 any shares of Common Stock subject to an award under the Prior Plan are forfeited, an award under the Prior Plan expires or is settled for cash, then in each such case the shares of Common Stock subject to such award shall, to the extent of such forfeiture, expiration or cash settlement, again be available for grant under the 2013 Plan. In the event that withholding tax liabilities arising from an award under the 2013 Plan or the Prior Plan are satisfied by the tendering of shares of Common Stock or by the withholding of shares of Common Stock by us, the shares of Common Stock so tendered or withheld shall again be available for grant under the 2013 Plan.

The following shares of Common Stock shall not be added to the shares of Common Stock authorized for grant under the 2013 Plan: (1) shares of Common Stock tendered by a participant or withheld by us in payment of the purchase price of (i) an option under the 2013 Plan or (ii) after March 31, 2013, an option under the Prior Plan, (2) shares of Common Stock tendered by a participant or withheld by us to satisfy any tax withholding obligation with respect to options or stock appreciation rights under the 2013 Plan or, after March 31, 2013, options or stock appreciation rights under the Prior Plan, (3) shares of Common Stock subject to a stock appreciation right under the 2013 Plan or, after March 31, 2013, a stock appreciation right under the Prior Plan that are not issued in connection with its stock settlement on exercise, and (4) shares of Common Stock reacquired by us on the open market or otherwise using cash proceeds from the exercise of options under the 2013 Plan or, after March 31, 2013, options under the Prior Plan.

In the event of any subdivision or consolidation of outstanding shares of Common Stock, declaration of a dividend payable in shares of Common Stock or other stock split, then (1) the number of shares of Common Stock reserved under the 2013 Plan, (2) the number of shares of Common Stock covered by outstanding awards in the form of shares of Common Stock or units denominated in shares of Common Stock, (3) the exercise price or other price in respect of such awards, (4) certain annual grant limits, and (5) the appropriate fair market value and other price determinations for such awards shall each be proportionately adjusted by the Compensation Committee as appropriate to reflect such transaction. In the event of any other recapitalization or capital reorganization of us, any consolidation or merger of us with another corporation or entity, the adoption by us of any plan of exchange affecting the shares of Common Stock or any distribution to holders of shares of Common Stock of securities or property (other than normal cash dividends or dividends payable in shares of Common Stock), the Compensation Committee shall make appropriate adjustments to (i) the number and kind of shares covered by awards in the form of shares of Common Stock or units denominated in shares of Common Stock, (ii) the exercise price or other price in respect of such awards, (iii) the appropriate fair market value and other price determinations for such awards, and (iv) certain annual grant limits to reflect such transaction; provided that such adjustments shall only be such as are necessary to maintain the proportionate interest of the holders of the awards and preserve, without increasing, the value of such awards.

The annual grant limits for employees and non-employee directors are described below.

Administration

The Compensation Committee has been designated by our Board of Directors to administer the 2013 Plan. The Compensation Committee has the discretion to, among other things, determine the employees and directors who will be granted awards, the sizes and types of such awards, and the terms and conditions of such awards, subject to certain limitations set forth in the 2013 Plan. In addition, the Compensation Committee has full power and authority to interpret the 2013 Plan and may, from time to time, adopt rules and regulations in order to carry out the terms of the 2013 Plan.

Except with regard to employees who are not subject to Section 16(b) of the Securities Exchange Act of 1934, the Compensation Committee may delegate any of its authority to the Board of Directors or to any other committee of the Board of Directors, provided such delegation is made in writing and specifically sets forth the delegated authority. The Compensation Committee may also delegate to our Chief Executive Officer or other senior officers authority to execute on behalf of us any award agreement. Further, the Compensation Committee may engage or authorize engagement of a third party administrator to carry out administrative functions under the 2013 Plan.

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Subject to certain restrictions contained in the 2013 Plan, including certain stockholder approval requirements, the Compensation Committee has the discretion to extend the exercisability of an award, accelerate the vesting or exercisability of an award, or otherwise amend the award in a manner that is not adverse to, or is consented to, by the recipient of the award.

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Employee Awards

At the discretion of the Compensation Committee, employees may be granted awards under the 2013 Plan in the form of stock options, stock appreciation rights, stock awards, cash awards or performance awards. Such awards may be granted singly, in combination, or in tandem. For more information regarding the annual incentive programs approved by the Compensation Committee in fiscal 2013 under the Prior Plan, see Compensation Discussion and Analysis Elements of Executive Compensation beginning on page 25.

Options. The 2013 Plan provides for the granting of incentive stock options, which are intended to comply with Section 422 of the Internal Revenue Code, and non-qualified stock options to employees.

A stock option is a right to purchase a specified number of shares of our Common Stock at a specified grant price. All stock options granted under the 2013 Plan must have an exercise price per share that is not less than the fair market value of a share of Common Stock on the date of grant and a term of no more than ten years. The fair market value of our Common Stock will be the closing sales price per share of Common Stock as reported by the NYSE or the applicable national securities exchange as of the date on which the value is to be determined. The terms, conditions and limitations applicable to any options awarded to participants pursuant to the 2013 Plan, including the grant price (subject to any limitation contained in the 2013 Plan), the term of the options, the number of shares subject to the option and the date or dates upon which they become exercisable, shall be determined by the Compensation Committee. However, stock options may not include provisions that reload the option upon exercise.

The exercise price of any stock option must be paid in full at the time the stock is delivered to the optionee. The price must be paid (1) in cash or cash equivalents, (2) by tendering previously acquired shares of Common Stock (valued at their fair market value), (3) with the consent of the Compensation Committee, by delivery of other consideration (including, where permitted by law and the Compensation Committee, other awards) having a fair market value on the exercise date equal to the total purchase price, (4) with the consent of the Compensation Committee, by withholding shares of Common Stock otherwise issuable in connection with the exercise of the option, (5) through any other method specified in an award agreement, or (6) any combination of any of the foregoing.

Stock Appreciation Rights. The 2013 Plan also provides for the granting of stock appreciation rights or SARs to employees. A SAR is a right to receive a payment, in cash or Common Stock or a combination of cash and Common Stock, equal to the excess of the fair market value of a specified number of shares of Common Stock over a specified grant price. A SAR may be granted to the holder of a stock option with respect to all or a portion of the shares of Common Stock subject to such stock option (a tandem SAR) or may be granted separately. The holder of a tandem SAR may elect to exercise either the stock option or the SAR, but not both. The exercise period for a SAR shall extend no more than ten years after the date of grant. The terms, conditions and limitations applicable to any SARs awarded pursuant to the 2013 Plan, including the grant price (subject to any limitation contained in the 2013 Plan), the term of any SARs and the date or dates upon which they become exercisable, shall be determined by the Compensation Committee.

Stock Awards. The 2013 Plan also provides for the granting of stock awards, including restricted stock, and stock units to employees that consist of grants of Common Stock or units denominated in Common Stock. The terms, conditions and limitations applicable to any stock award will be decided by the Compensation Committee.

Cash Awards. The 2013 Plan also provides for the granting of cash awards to employees. The terms, conditions and limitations applicable to any cash awards granted pursuant to the 2013 Plan will be determined by the Compensation Committee.

Performance Awards. At the discretion of the Compensation Committee, any of the above-described employee awards may be made in the form of a performance award. A performance award is an award that is subject to the attainment of one or more future performance goals. The terms, conditions and limitations applicable to any performance award will be decided by the Compensation Committee.

In making awards intended to qualify under Section 162(m) of the Internal Revenue Code, the Compensation Committee may base a performance goal on one or more of the following business criteria that may be applied to the employee, one or more business units, or to the Company as a whole:

stock price measures (including, but not limited to, growth measures and total shareholder return);

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earnings per share (actual or targeted growth);

earnings before and after interest and/or taxes, depreciation and amortization;

economic value added;

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net income measures (including, but not limited to, income after capital costs and income before or after taxes);

operating income;

cash flow measures;

return measures (including, but not limited to, return on average assets, risk-adjusted return on capital, and return on average equity);

operating measures (including, but not limited to, sales volumes, production volumes and production efficiencies);

expense measures (including, but not limited to, overhead costs and general and administrative expenses);

margins; and

corporate values measures (including, but not limited to, ethics compliance, environmental, and safety).

Goals may also be based on performance relative to a peer group of companies.

Employee Award Limitations. Under the 2013 Plan, no employee may be granted during any fiscal year:

options and/or SARs covering more than 600,000 shares of Common Stock;

stock awards covering more than 300,000 shares of Common Stock; or

cash awards (including performance awards) in respect of any fiscal year having a value determined on the grant date in excess of \$5,000,000.

Non-Employee Director Awards

At the discretion of the Compensation Committee, non-employee directors may be granted awards under the 2013 Plan in the form of non-qualified stock options, SARs, performance awards or stock awards. Awards to directors may be granted singly, in combination, or in tandem. Non-employee directors may not be granted options having a value determined on the grant date in excess of \$350,000, or stock awards having a value determined on the grant date in excess of \$350,000, during any fiscal year.

Change in Control under 2013 Plan

The 2013 Plan does not address the disposition of equity awards upon the occurrence of a change in control of the Company. However, the practice of the Compensation Committee has been to include in the applicable award agreement accelerated vesting of equity awards upon the occurrence of a change in control of the Company. See *Change in Control Benefits* on page 33 of this proxy statement.

Non-US Participants

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The 2013 Plan allows the Compensation Committee to grant awards to persons outside the United States under appropriate terms and conditions for the applicable foreign jurisdiction.

Deferred Payments

At the discretion of the Compensation Committee, amounts payable in respect of awards granted under the 2013 Plan may be deferred. Any deferred payment may be forfeited if and to the extent that the terms of the applicable award so provide.

Amendment, Modification and Termination

Our Board of Directors may amend, modify, suspend or terminate the 2013 Plan at any time for the purpose of addressing changes in legal requirements or for other purposes permitted by law. However, (1) no amendment or alteration that would adversely affect the rights of any participant under any award previously granted to such participant shall be made without the consent of such participant and (2) no amendment or alteration shall be effective prior to approval by the stockholders if such approval is required by law or the requirements of the NYSE.

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Term

No award shall be made after August 7, 2023.

Tax Consequences

The following is a brief summary of the federal income tax aspects of awards that may be made under the 2013 Plan based on existing U.S. federal income tax laws. This summary is general in nature and does not address issues related to the tax circumstances of any particular participant. This discussion is not to be construed as tax advice.

Stock Options and Stock Appreciation Rights. Some of the stock options issuable under the 2013 Plan may constitute incentive stock options within the meaning of Section 422 of the Internal Revenue Code, while other options granted under the 2013 Plan may be non-qualified stock options.

The Internal Revenue Code provides for tax treatment of stock options qualifying as incentive stock options that may be more favorable to employees than the tax treatment accorded non-qualified stock options. Generally, upon the exercise of an incentive stock option, the optionee will recognize no income for U.S. federal income tax purposes. However, the difference between the exercise price of the incentive stock option and the fair market value of the stock at the time of exercise is an item of tax preference that may require payment of an alternative minimum tax. On the sale of shares acquired by exercise of an incentive stock option (assuming that the sale does not occur within two years from the date of grant of the option or within one year from the date of exercise), any gain will be taxed to the optionee as long-term capital gain. No deduction is available to the Company upon the grant or exercise of an incentive stock option (although a deduction may be available if the employee sells the shares so purchased before the applicable holding periods expire). Except with respect to death or disability of an optionee, an optionee has three months after termination of employment in which to exercise an incentive stock option and retain favorable tax treatment at exercise. An option exercised more than three months after an optionee's termination of employment (other than by reason of death or disability) cannot qualify for the tax treatment accorded incentive stock options. Such option would be treated as a non-qualified stock option instead.

In contrast, upon the exercise of a non-qualified stock option, the optionee recognizes ordinary income (subject to withholding) in an amount equal to the difference between the fair market value of the shares on the date of exercise and the exercise price. Upon any sale of such shares by the optionee, any difference between the sale price and the fair market value of the shares on the date of exercise of the non-qualified stock option will be treated generally as capital gain or loss. Upon exercise of a non-qualified stock option, the Company will generally be entitled to a deduction in an amount equal to the income recognized by the participant.

Participants will not realize taxable income upon the grant of a stock appreciation right. Upon the exercise of a stock appreciation right, the participant will recognize ordinary income (subject to withholding) in an amount equal to the cash or fair market value of the shares of stock received on the date of exercise of the stock appreciation right. The participant will generally have a tax basis in any shares of stock received on the exercise of a stock appreciation right that equals the fair market value of such shares on the date of exercise. The Company will generally be entitled to a deduction for U.S. federal income tax purposes that corresponds as to timing and amount with the compensation income recognized by the participant.

Cash Awards; Stock Awards. Generally, the recipient of a cash award will recognize ordinary compensation income at the time the payment is received or, if earlier, at the time such cash is otherwise made available to the employee to draw upon it. The Company will normally be entitled to a deduction for federal income tax purposes in an amount equal to the ordinary income recognized by such recipient.

Federal income tax consequences with respect to stock awards depend on the facts and circumstances of each award, and, in particular, the nature of any restrictions imposed with respect to the award. In general, if the stock which is the subject of a stock award is actually issued to a participant but is subject to a substantial risk of forfeiture, for example, if rights to ownership of the stock are conditioned upon the future performance of substantial services by the participant, a taxable event occurs only when the substantial risk of forfeiture ceases to exist. When the substantial risk of forfeiture ceases, the participant will realize ordinary income to the extent of the excess of the fair market value of the stock on the date the risk of forfeiture terminates over the participant's cost for such stock (if any), and the same amount is then deductible by the Company as compensation. If the restrictions with respect to the stock award, by their nature, do not subject the participant to a substantial risk of forfeiture of the stock, then the participant will realize ordinary income at the time of grant to the extent of the excess of the fair market value of the stock over the participant's cost (if any). The same amount is then deductible by the Company. If the stock is not actually issued to the participant at the time the stock award is granted, then the participant will realize ordinary income at the time the participant receives stock free of any substantial risk of forfeiture, and the amount of such income will be equal to the fair market value of the stock at such time over the participant's cost (if any). The same amount is then deductible by the Company.

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An employee (but not a non-employee director) will be subject to withholding for federal, and generally for state and local, income taxes at the time the employee recognizes income under the rules described above with respect to Common Stock or cash received pursuant to a performance award, stock award or stock unit award. An employee will be subject to withholding for Social

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Security and Medicare at the time that the award becomes vested (whether or not shares or cash are distributed). Dividends that are received by a participant prior to the time that the Common Stock is taxed to the participant under the rules described in the preceding paragraph are taxed as additional compensation, not as dividend income. The tax basis of a participant in the Common Stock received will equal the amount recognized as compensation income under the rules described in the preceding paragraph, and the holding period in such shares will commence on the date income is so recognized.

Section 409A imposes an additional 20% tax and penalty interest on an individual receiving nonqualified deferred compensation under a plan that fails to satisfy certain requirements. For purposes of Section 409A, nonqualified deferred compensation includes certain equity-based incentive programs, including performance award programs. Generally speaking, Section 409A does not apply to incentive awards that are in all events to be paid at the time the award vests or shortly thereafter. Likewise, Section 409A does not apply to restricted stock or stock options whose exercise price is equal to the fair market value of the optioned shares (determined as of the date of grant). Awards made pursuant to the 2013 Plan are designed to comply with the requirements of Section 409A to the extent such awards are not otherwise exempt from coverage. However, if the 2013 Plan (or an award thereunder) fails to comply with Section 409A, a participant could be subject to the additional taxes and interest.

Subject to the discussion below under Limitations on Tax Deductibility of Compensation, we or our affiliates will be entitled to a deduction for U.S. federal income tax purposes that corresponds as to timing and amount with the compensation income recognized by the participant under the foregoing rules.

General. A participant's tax basis in shares purchased or awarded under the 2013 Plan is equal to the sum of the price paid for the shares, if any, and the amount of ordinary income recognized by the participant in connection with the transfer of the shares. The participant's holding period for the shares begins immediately after ordinary income is recognized with respect to the transfer of the shares. If a participant sells shares, any difference between the amount realized in the sale and the participant's tax basis in the shares is taxed as long-term or short-term capital gain or loss (provided the shares are held as a capital asset on the date of sale), depending on the participant's holding period for the shares.

Limitations on Tax Deductibility of Compensation. In order for the amounts described above to be deductible by the Company or its affiliates, such amounts must constitute reasonable compensation for services rendered or to be rendered and must be ordinary and necessary business expenses. The Company or its affiliates' ability to obtain a deduction for future payments under the 2013 Plan could be limited by Section 280G of the Internal Revenue Code, which provides that certain excess parachute payments made in connection with a change of control of an employer are not deductible.

Our and our affiliates' ability to deduct for amounts paid under the 2013 Plan also could be affected by Section 162(m) of the Internal Revenue Code. Section 162(m) provides that certain compensation received in any year by a covered employee in excess of \$1,000,000 is non-deductible by the Company for federal income tax purposes. Section 162(m) provides an exception, however, for performance-based compensation. The Compensation Committee believes that a significant portion of compensation to its executives should be dependent on operational and financial measures. In pursuit of this goal, the Compensation Committee seeks to structure grants and awards made under the 2013 Plan to covered employees as performance-based compensation that is exempt from Section 162(m). However, the Compensation Committee may award compensation that is or may become non-deductible when such grants are in the best interest of the Company, balancing tax efficiency with long-term strategic objectives. Further, because of ambiguities and uncertainties as to the application and interpretation of Section 162(m) and the related regulations, no assurance can be given that compensation intended by the Compensation Committee to satisfy the requirements for deductibility under section 162(m) does in fact do so.

Plan Benefits

If the 2013 Plan is adopted, the benefits to be received by participants cannot be determined at this time because grants are at the discretion of our Compensation Committee. None of the shares authorized by the 2013 Plan have been awarded to any of the directors or employees, and no commitment has been made to award any such shares. The Compensation Committee has authority to authorize future awards under the 2013 Plan from time to time. The value of any future equity awards will ultimately depend on the nature and size of the awards, the future price of our Common Stock and the exercise decisions made by the participants, among other factors, and will be subject to such vesting conditions as the Compensation Committee determines from time to time. For further details on the awards granted during the fiscal year ended March 31, 2013, please refer to the executive and director compensation tables beginning on page 35 and 10, respectively, of this proxy statement.

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For illustrative purposes only, the following equity awards were granted to the Named Executive Officers and other groups of individuals named below under the Prior Plan in the fiscal year ended March 31, 2013.

Persons or Groups of Persons	Dollar Value (\$) ⁽¹⁾	Number of Awards Granted Under Prior Plan ⁽²⁾
Steven R. Rowley, President and Chief Executive Officer	\$ 2,080,000	135,053
D. Craig Kesler, Executive Vice President Finance and Administration and Chief Financial Officer	555,000	36,303
Gerald J. Essl, Executive Vice President Cement/Aggregates and Concrete	600,000	39,247
David B. Powers, Executive Vice President Gypsum	600,000	39,247
James H. Graass, Executive Vice President, General Counsel and Secretary	555,000	36,303
Executive Officer Group	5,184,000	339,090
Non-Executive Director Group	1,095,049	58,587
Non-Executive Officer Employee Group	4,514,309	259,696

- (1) Does not include cash awards. The amounts in this column reflect the value of option awards and restricted stock awards made to the designated individuals and groups during the fiscal year ended March 31, 2013 and are consistent with the grant date fair value of the award computed in accordance with FASB ASC Topic 718. For assumptions used in determining these values, refer to footnote (J) to the Company's audited financial statements for the fiscal year ended March 31, 2013 included in the Fiscal 2013 Form 10-K
- (2) Represents grants of stock options and restricted stock (including performance restricted stock) in fiscal 2013.

Equity Compensation Plan Information

The following table shows the number of outstanding options and shares available for future issuance of options under the Company's equity compensation plans as of March 31, 2013. Our equity compensation plans have been approved by the Company's stockholders.

Plan Category	Incentive Plan	Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted average exercise price of outstanding options, warrants and rights (b)	Number of securities remaining for future issuance under equity compensation plans excluding securities reflected in column (a) (c)
Equity compensation plans approved by stockholders	2004	3,022,592	\$ 37.83	1,302,263
Equity compensation plans not approved by stockholders				
		3,022,592	\$ 37.83	1,302,263

Recommendation of the Board

Our Board of Directors unanimously recommends a vote for the approval of the 2013 Plan. If the requisite vote of our stockholders is not obtained, our Compensation Committee may continue to make awards out of the Prior Plan, but only to the extent of available

shares during the remaining term of the Prior Plan, which expires in January 2014.

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PROPOSAL NO. 4: APPROVAL OF EXPECTED APPOINTMENT OF INDEPENDENT AUDITORS

General

Ernst & Young acted as our independent auditors to audit our books and records for fiscal year 2013, and the Audit Committee expects to appoint Ernst & Young as our independent auditors for fiscal year 2014 if its proposal for audit services is satisfactory.

We believe the approval of this expected appointment is good corporate practice because the audit of our books and records is a matter of importance to our stockholders. If our stockholders do not support the expected appointment, our Audit Committee will consider that fact when determining whether or not to retain Ernst & Young, but still may elect to retain them. Even if the expected appointment is approved, the Audit Committee, in its discretion, may elect not to proceed with the appointment. Once it has appointed an auditor, our Audit Committee may elect to change the appointment at any time during the year if it determines that such a change would be in our best interests and the best interests of our stockholders.

Representatives of Ernst & Young are expected to be present for the annual meeting, with the opportunity to make a statement if they choose to do so, and will be available to respond to appropriate questions from our stockholders.

Recommendation of the Board

Our board unanimously recommends a vote for the approval of the expected appointment of Ernst & Young as the Company's auditors for the fiscal year ending March 31, 2014.

Table of Contents**RELATIONSHIP WITH INDEPENDENT PUBLIC ACCOUNTANTS**

Ernst & Young LLP, which we refer to as Ernst & Young, audited the Company's financial statements for the fiscal years ended March 31, 2011, 2012 and 2013.

Ernst & Young reports directly to our Audit Committee. The Audit Committee has adopted policies and procedures for pre-approving all audit and permissible non-audit services performed by Ernst & Young. Under these policies, the Audit Committee pre-approves the use of audit and specific permissible audit-related and non-audit services up to certain dollar limits. Other audit and permissible non-audit services that exceed a \$50,000 threshold must be pre-approved separately by the Audit Committee, or, for such services that do not exceed \$50,000, by a member of the Audit Committee. Any such member must report the pre-approval at the next Audit Committee meeting. In determining whether or not to pre-approve services, the Audit Committee determines whether the service is a permissible service under the SEC's rules, and, if permissible, the potential effect of such services on the independence of Ernst & Young.

The following table sets forth the various fees for services provided to the Company by Ernst & Young in the fiscal years ended March 31, 2013 and 2012, all of which services have been approved by the Audit Committee:

Fiscal Year Ended

March 31,	Audit Fees ⁽¹⁾	Audit Related Fees	Tax Fees	All Other Fees	Total
2013	\$ 1,245,700	\$ 15,000			\$ 1,260,700
2012	672,000	15,000	\$ 56,979		743,979

- (1) Includes fees for the annual audit and quarterly reviews, accounting and financial reporting consultations regarding generally accepted accounting principles. For fiscal 2013, the amount also includes additional work conducted in connection with the Company's acquisition of assets from Lafarge North America.

AUDIT COMMITTEE REPORT

To the Board of Directors of Eagle Materials Inc.:

We have reviewed and discussed with management and our independent registered public accounting firm, Ernst & Young, as appropriate, (1) the audited financial statements of Eagle Materials Inc. as of and for the fiscal year ended March 31, 2013, and (2) management's report on internal control over financial reporting and the independent registered accounting firm's related opinions.

We have discussed with the independent registered public accounting firm the required communications specified by auditing standards, together with guidelines established by the SEC and the Sarbanes-Oxley Act.

We have received and reviewed the written disclosures and the letter from Ernst & Young required by the applicable requirements of the Public Company Accounting Oversight Board concerning independence and have discussed with Ernst & Young the auditors' independence. We have also considered whether the auditors' provision of non-audit services to Eagle Materials Inc. and its affiliates is compatible with the auditors' independence.

Based on the reviews and discussions referred to above, we recommend to the Board of Directors that the financial statements referred to above be included in the Annual Report of Eagle Materials Inc. on Form 10-K for the fiscal year ended March 31, 2013.

Audit Committee

David W. Quinn, *Chairman*

Ed H. Bowman

Robert L. Clarke

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OTHER MATTERS WHICH MAY BE PRESENTED FOR ACTION AT THE MEETING

Our Board of Directors does not intend to present for action at this annual meeting any matter other than those specifically set forth in the Notice of Annual Meeting of Stockholders. If any other matter is properly presented for action at the meeting, it is the intention of persons named in the proxy to vote thereon in accordance with their judgment pursuant to the discretionary authority conferred by the proxy.

DELIVERY OF DOCUMENTS TO STOCKHOLDERS

Pursuant to the rules of the SEC, the Company and services that it employs to deliver communications to its stockholders are permitted to deliver to two or more stockholders sharing the same address a single copy of the proxy statement. Upon written or oral request, the Company will deliver a separate copy of the proxy statement to any stockholder at a shared address who wishes to receive separate copies of such documents in the future. Stockholders receiving multiple copies of such documents may likewise request that the Company deliver single copies of such documents in the future. Stockholders may notify the Company of their requests by calling or directing a written request to Eagle Materials Inc., Attention: James H. Graass, Secretary, 3811 Turtle Creek Blvd., Suite 1100, Dallas, Texas 75219-4487, (214) 432-2000.

DEADLINE FOR RECEIPT OF STOCKHOLDER PROPOSALS

Next year's annual meeting of stockholders is scheduled to be held on August 7, 2014. In order to be considered for inclusion in the Company's proxy material for that meeting, stockholder proposals must be received at our executive offices, addressed to the attention of the Secretary, not later than February 21, 2014.

For any proposal that is not submitted for inclusion in our proxy material for the 2014 annual meeting of stockholders but is instead sought to be presented directly at that meeting, Rule 14a-4(c) under the Exchange Act permits the Company's management to exercise discretionary voting authority under proxies it solicits unless the Company is notified about the proposal on or before May 9, 2014, and the stockholder satisfies the other requirements of Rule 14a-4(c). Our Bylaws provide that, to be considered at the 2014 annual meeting, a stockholder proposal must be submitted in writing and received by our Secretary at the executive offices of the Company during the period beginning on February 8, 2014 and ending May 9, 2014, and must contain the information specified by and otherwise comply with our Bylaws. Any stockholder wishing to receive a copy of our Bylaws should direct a written request to our Secretary at the Company's principal executive office.

FORM 10-K

Stockholders entitled to vote at the meeting may obtain a copy of the Company's Annual Report on Form 10-K for the fiscal year ended March 31, 2013, including the financial statements required to be filed with the SEC, without charge, upon written or oral request to Eagle Materials Inc., Attention: James H. Graass, Secretary, 3811 Turtle Creek Blvd., Suite 1100, Dallas, Texas 75219-4487, (214) 432-2000.

By Order of the Board of Directors

JAMES H. GRAASS

Executive Vice President,

General Counsel and Secretary

Dallas, Texas

June 21, 2013

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Appendix A

EAGLE MATERIALS INC.

AMENDED AND RESTATED INCENTIVE PLAN

(As Amended and Restated as of August 7, 2013)

1. **Plan.** This Eagle Materials Inc. Amended and Restated Incentive Plan (the Plan) constitutes an amendment and restatement in its entirety of the Eagle Materials Inc. Incentive Plan, originally effective January 8, 2004, and as thereafter amended.

2. **Objectives.** The purpose of this Plan is to further the interests of the Corporation and its shareholders by providing incentives in the form of Awards to key Employees and Non-Employee Directors who can contribute materially to the success and profitability of the Corporation and its Affiliates. Such Awards will recognize and reward outstanding performances and individual contributions and give Participants in the Plan an interest in the Corporation parallel to that of the shareholders, thus enhancing the proprietary and personal interest of such Participants in the Corporation's continued success and progress. This Plan will also enable the Corporation and its Affiliates to attract and retain such Employees and Non-Employee Directors.

3. **Definitions.** As used herein, the terms set forth below shall have the following respective meanings:

Affiliate means a Subsidiary or Joint Venture.

Authorized Officer means the Chief Executive Officer of the Corporation (or any other senior officer of the Corporation to whom he or she shall delegate the authority to execute any Award Agreement, where applicable).

Award means an Employee Award or a Director Award.

Award Agreement shall mean any agreement, contract or other instrument or document evidencing any Award granted by the Committee hereunder. Such agreement may be in electronic or written form.

Board means the Board of Directors of the Corporation.

Cash Award means an Award denominated in cash.

Code means the Internal Revenue Code of 1986, as amended from time to time.

Committee shall mean the committee of the Board charged with oversight of the Corporation's incentive compensation and equity based plans, which, at the time of the adoption of this Plan is the Compensation Committee. The Committee consists and always will consist of no fewer than two Directors.

Common Stock means the Common Stock, par value \$.01 per share, of the Corporation.

Corporation means Eagle Materials Inc., a Delaware corporation, or any successor thereto.

Director means an individual who is a member of the Board.

Director Award means any Non-Qualified Stock Option, SAR, Performance Award or Stock Award granted, whether singly, in combination or in tandem, to a Participant who is a Non-Employee Director pursuant to such applicable terms, conditions and limitations as the Committee may establish in order to fulfill the objectives of the Plan.

Dividend Equivalents means, with respect to Stock Units or shares of Restricted Stock, an amount equal to all dividends and other distributions (or the economic equivalent thereof) that are payable to stockholders of record during the Restriction Period on a like number of shares of Common Stock.

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Employee means an employee of the Corporation or any of its Affiliates and any prospective employee conditioned upon, and Awards to whom will be effective not earlier than, such person's becoming an employee of the Corporation or any Affiliate.

Employee Award means any Option, SAR, Stock Award, Cash Award, or Performance Award granted, whether singly, in combination or in tandem, to a Participant who is an Employee pursuant to such applicable terms, conditions and limitations (including treatment as a Performance Award) as the Committee may establish in order to fulfill the objectives of the Plan.

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Employee Director means an individual serving as a member of the Board who is an Employee of the Corporation or any of its Affiliates.

Equity Award means any Option, SAR, Stock Award, or Performance Award (other than a Performance Award denominated in cash) granted to a Participant under the Plan.

Exchange Act means the Securities Exchange Act of 1934, as amended.

Fair Market Value shall mean, with respect to any property other than Shares, the market value of such property determined by such methods or procedures as shall be established from time to time by the Committee. The Fair Market Value of a Share means, as of a particular date, (i) if Common Stock is listed or admitted to trading on the New York Stock Exchange, the closing sales price per share of Common Stock as reported on New York Stock Exchange Composite Trading Listings or a similar report selected by the Committee on that date, or if there shall have been no such sale reported on that date, on the last preceding date on which such a sale was so reported, (ii) if the Shares are not listed on the New York Stock Exchange but are listed on a securities exchange other than the New York Stock Exchange, the closing sales price per share of Common Stock as reported on the date in question on the principal securities exchange on which the shares of Common Stock are then listed or admitted to trading, or (iii) if shares of Common Stock are not listed on a securities exchange, (A) the most recent value determined by an independent appraiser appointed by the Corporation for such purpose or (B) if applicable, the price per share of Common Stock as determined in accordance with the procedures of a third party administrator retained by the Corporation to administer the Plan.

Grant Date means the date an Award is granted to a Participant pursuant to the Plan. The Grant Date for a substituted award is the Grant Date of the original award.

Grant Price means the price at which a Participant may exercise his or her right to receive cash or Common Stock, as applicable, under the terms of an Award. With respect to an Award of an Option or SAR, the Grant Price shall not be less than the Fair Market Value of a share of Common Stock on the date on which the Award is granted.

Incentive Stock Option means an Option that is intended to comply with the requirements set forth in Section 422 of the Code.

Joint Venture means any joint venture or partnership in which the Corporation has at least 50% ownership, voting, capital or profit interests (in whatever form) and which is a subsidiary of the Corporation within the meaning of the Securities Act of 1933, as amended.

Non-Employee Director means an individual serving as a member of the Board who is not an Employee of the Corporation or any of its Affiliates.

Non-Qualified Stock Option means an Option that is not an Incentive Stock Option.

Option means a right to purchase a specified number of shares of Common Stock at a specified Grant Price, which may be an Incentive Stock Option or a Non-Qualified Stock Option.

Participant means an Employee or Non-Employee Director to whom an Award has been granted under this Plan.

Performance Award means an Award made pursuant to Section 8(a)(v) of this Plan.

Performance Goal means a standard established by the Committee, to determine in whole or in part whether a Qualified Performance Award shall be earned.

Prior Plan shall mean the Eagle Materials Inc. Incentive Plan, originally effective January 8, 2004, and as thereafter amended.

Qualified Performance Award means a Performance Award made to a Participant who is an Employee that is intended to qualify as qualified performance based compensation under Section 162(m) of the Code, as described in Section 8(a)(v)(B) of the Plan.

Restatement Date shall mean August 7, 2013.

Restricted Stock shall mean any Share issued with the restriction that the holder may not sell, transfer, pledge or assign such Share and with such other restrictions as the Committee, in its sole discretion, may impose (including any restriction on the right to vote such Share and the right to receive any dividends), which restrictions may lapse separately or in combination at such time or times, in installments or otherwise, as the

Committee may deem appropriate.

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Restriction Period means a period of time beginning as of the Grant Date of an Award of Restricted Stock and ending as of the date upon which the Common Stock subject to such Award is no longer restricted or subject to forfeiture provisions.

Section 409A shall mean Section 409A of the Code and related U.S. Department of Treasury regulations and pronouncements.

Shares shall mean the shares of Common Stock.

Stock Appreciation Right or *SAR* means a right to receive a payment in cash, Common Stock or a combination of cash and Common Stock, equal to the excess of the Fair Market Value of a specified number of shares of Common Stock on the date the right is exercised over a specified Grant Price, in each case, as determined by the Committee.

Stock Award means an Award, other than Options or SARs, in the form of Shares or Stock Units, including an award of Restricted Stock.

Stock Unit means a unit evidencing the right to receive in specified circumstances one Share (as determined by the Committee) granted to either an Employee or a Non-Employee Director.

Subsidiary means any corporation, partnership, limited liability company or other business venture or entity of which the Corporation directly or indirectly owns 50% or more of the ownership interest in such entity, as determined by the Committee in its sole and absolute discretion (such determination by the Committee to be conclusively established by the grant of an Award by the Committee to an officer or employee of such an entity).

Substitute Awards shall mean Awards granted or Shares issued by the Corporation in assumption of, or in substitution or exchange for, awards previously granted, or the right or obligation to make future awards, by a company acquired by the Corporation or any Affiliate or with which the Corporation or any Affiliate combines.

4. Eligibility.

(a) *Employees.* Employees eligible for the grant of Employee Awards under this Plan are those Employee Directors and Employees who hold positions of responsibility and whose performance, in the judgment of the Committee, can have a significant effect on the success of the Corporation and its Affiliates.

(b) *Directors.* Members of the Board eligible for the grant of Director Awards under this Plan are those who are Non-Employee Directors.

5. Shares Subject to the Plan.

(a) Number of Shares.

(i) Subject to adjustment under Section 15, on or after the Restatement Date the aggregate of 1,302,263 Shares that were remaining for grant under the Prior Plan as of March 31, 2013, plus 3,000,000 Shares, shall be authorized for grant under the Plan. No more than 1,606,417 shares of Common Stock are available for issuance pursuant to Share-based Awards other than Options and SARs.

(ii) If (i) any Shares subject to an Award are forfeited, an Award expires or an Award is settled for cash (in whole or in part), or (ii) after March 31, 2013 any Shares subject to an award under the Prior Plan are forfeited, an award under the Prior Plan expires or is settled for cash (in whole or in part), then in each such case the Shares subject to such Award shall, to the extent of such forfeiture, expiration or cash settlement, again be available for grant under Section 5(a)(i) and the Shares subject to an award under the Prior Plan shall, to the extent of such forfeiture, expiration or cash settlement, be added to the number of Shares authorized for grant under Section 5(a)(i). In the event that withholding tax liabilities arising from an Award or an award under the Prior Plan are satisfied by the tendering of Shares (either actually or by attestation) or by the withholding of Shares by the Corporation, the Shares so tendered or withheld shall again be available for grant under Section 5(a)(i). Notwithstanding anything to the contrary contained herein, the following Shares shall not be added to the Shares authorized for grant under paragraph (i) of this Section: (A) Shares tendered by the Participant or withheld by the Corporation in payment of the purchase price of (i) an Option or (ii) after March 31, 2013, an option under the Prior Plan, (B) Shares tendered by

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the Participant or withheld by the Corporation to satisfy any tax withholding obligation with respect to Options or Stock Appreciation Rights or, after March 31, 2013, options or stock appreciation rights under the Prior Plan, (C) Shares subject to a Stock Appreciation Right or, after March 31, 2013, a stock appreciation right under the Prior Plan that are not issued in connection with its stock settlement on exercise thereof, and (D) Shares reacquired by the Corporation on the open market or otherwise using cash proceeds from the exercise of Options or, after March 31, 2013, options under the Prior Plan.

(iii) Substitute Awards shall not reduce the Shares authorized for grant under the Plan or authorized for grant to a Participant in any calendar year. Additionally, in the event that a company acquired by the Corporation or any Subsidiary or with which the Corporation or any Subsidiary combines has shares available under a pre-existing plan approved by shareholders and not adopted in contemplation of such acquisition or combination, a number of Shares equal to the Shares available for grant pursuant to the terms of such pre-existing plan (as adjusted, to the extent appropriate, using the exchange ratio or other adjustment or valuation ratio or formula used in such acquisition or combination to determine the consideration payable to the holders of common stock of the entities party to such acquisition or combination) shall be available for grant under Section 5(a)(i); provided that Awards using such available shares shall not be made after the date awards or grants could have been made under the terms of the pre-existing plan, absent the acquisition or combination, and shall only be made to individuals who were not Employees or Directors prior to such acquisition or combination.

(iv) Notwithstanding anything in this Section 5 to the contrary and solely for the purposes of determining whether Shares are available for the grant of incentive stock options under the Plan, the maximum aggregate number of Shares with respect to which incentive stock options may be granted under the Plan shall be 4,302,263 Shares.

(b) Character of Shares. Any Shares issued hereunder may consist, in whole or in part, of authorized and unissued shares, treasury shares or shares purchased in the open market or otherwise.

6. Administration.

(a) The Plan shall be administered by the Committee. The Committee shall have full power and authority, subject to the provisions of the Plan and subject to such orders or resolutions not inconsistent with the provisions of the Plan as may from time to time be adopted by the Board, to: (i) select the Employees and Non-Employee Directors to whom Awards may from time to time be granted hereunder; (ii) determine the type or types of Awards, not inconsistent with the provisions of the Plan, to be granted to each Participant hereunder; (iii) determine the number of Shares to be covered by each Award granted hereunder; (iv) determine the terms and conditions, not inconsistent with the provisions of the Plan, of any Award granted hereunder; (v) determine whether, to what extent and under what circumstances Awards may be settled in cash, Shares or other property; (vi) determine whether, to what extent, and under what circumstances cash, Shares, other property and other amounts payable with respect to an Award made under the Plan shall be deferred either automatically or at the election of the Participant; (vii) determine whether, to what extent and under what circumstances any Award shall be canceled or suspended; (viii) interpret and administer the Plan and any instrument or agreement entered into under or in connection with the Plan, including any Award Agreement; (ix) correct any defect, supply any omission or reconcile any inconsistency in the Plan or any Award in the manner and to the extent that the Committee shall deem desirable to carry it into effect; (x) establish such rules and regulations and appoint such agents as it shall deem appropriate for the proper administration of the Plan; (xi) determine whether any Award will have Dividend Equivalents; and (xii) make any other determination and take any other action that the Committee deems necessary or desirable for administration of the Plan. Subject to Section 8(a)(i) and Section 8(a)(ii) hereof, the Committee may, in its discretion, (A) provide for the extension of the exercisability of an Award, or (B) accelerate the vesting or exercisability of an Award, eliminate or make less restrictive any restrictions contained in an Award, waive any restriction or other provision of this Plan or an Award or otherwise amend or modify an Award in any manner that is, in either case, (1) not adverse to the Participant to whom such Award was granted, (2) consented to by such Participant or (3) authorized by Section 15 hereof; provided, however, that no such action shall permit the term of any Option to be greater than 10 years from its Grant Date. Awards may be awarded either alone or in addition to or in conjunction with any other Awards.

(b) Decisions of the Committee shall be final, conclusive and binding on all persons or entities, including the Corporation, any Participant, and any Subsidiary. A majority of the members of the Committee may determine its actions and fix the time and place of its meetings.

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7. Delegation of Authority.

(a) *Delegation of Authority.* The Committee may delegate any of its authority to grant Awards to Employees who are not subject to Section 16(b) of the Exchange Act, subject to Section 6(a) above, to the Board or to any other committee of the Board, provided such delegation is made in writing and specifically sets forth such delegated authority. The Committee may also delegate to an Authorized Officer authority to execute on behalf of the Corporation any Award Agreement. The Committee and the Board, as applicable, may engage or authorize the engagement of a third party administrator to carry out administrative functions under this Plan. Any such delegation hereunder shall only be made to the extent permitted by applicable law.

(b) *Indemnity.* No member of the Board or the Committee or officer of the Corporation to whom the Committee has delegated authority in accordance with the provisions of Section 7(a) of this Plan shall be liable for anything done or omitted to be done by him or her, by any member of the Board or the Committee or by any officer of the Corporation in connection with the performance of any duties under this Plan, except for his or her own willful misconduct or as expressly provided by statute.

8. Awards.

(a) The Committee shall determine the type or types of Awards to be made under this Plan and shall designate from time to time the Participants who are to be the recipients of such Awards. Each Award may, in the discretion of the Committee, be embodied in an Award Agreement, which shall contain such terms, conditions and limitations as shall be determined by the Committee in its sole discretion and, if required by the Committee, shall be signed by the Participant to whom the Award is granted and by an Authorized Officer for and on behalf of the Corporation. Awards may consist of those listed in this Section 8(a) and may be granted singly, in combination or in tandem. Awards may also be granted in combination or in tandem with, in replacement of (subject to Section 15), or as alternatives to, grants or rights under this Plan or any other plan of the Corporation or any of its Affiliates, including the plan of any acquired entity. An Award may provide for the grant or issuance of additional, replacement or alternative Awards upon the occurrence of specified events. All or part of an Award may be subject to conditions established by the Committee, which may include, but are not limited to, continuous service with the Corporation and its Affiliates, achievement of specific business objectives, increases in specified indices, attainment of specified growth rates, as referenced in clause (v) below, and other comparable measurements of performance. Upon the termination of employment by a Participant who is an Employee, any unexercised, deferred, unvested or unpaid Employee Awards shall be treated as set forth in the applicable Award Agreement or as otherwise specified by the Committee.

(i) *Option.* An Employee Award or Director Award may be in the form of an Option; provided that Options granted as Director Awards are not Incentive Stock Options. Other than in connection with Substitute Awards, the Grant Price of an Option shall be not less than the Fair Market Value of Common Stock subject to such Option on the Grant Date. Other than pursuant to Section 15, the Committee shall not, without the approval of the Corporation's stockholders, (a) lower the option price per Share of an Option after it is granted, (b) cancel an Option when the option price per Share exceeds the Fair Market Value of the underlying Shares in exchange for cash or another Award (other than in connection with Substitute Awards), and (c) take any other action with respect to an Option that may be treated as a repricing under the rules and regulations of the principal national securities exchange on which Shares are listed. Notwithstanding anything contrary contained in this Plan, in no event shall the term of the Option extend more than 10 years after the Grant Date; provided further, that if an Option other than an Incentive Stock Option would otherwise expire when trading in Shares is prohibited by law or by Corporation insider trading policy, the Award Agreement may provide for the automatic extension of the Option term to the 30th day after expiration of such prohibition; provided further, that any such extension will not subject the Option to Code Section 409A. Options may not include provisions that reload the option upon exercise. Subject to the foregoing provisions, the terms, conditions and limitations applicable to any Options awarded to Participants pursuant to this Plan, including the Grant Price, the term of the Options, the number of shares subject to the Option and the date or dates upon which they become exercisable, shall be determined by the Committee.

(ii) *Stock Appreciation Rights.* An Employee Award or Director Award may be in the form of an SAR. On the Grant Date, the Grant Price of an SAR shall be not less than the Fair Market Value of Common Stock subject to such SAR. The holder of a tandem SAR may elect to exercise either the option or the SAR, but not both. The exercise period for an SAR shall extend no more than 10 years after the Grant Date. Subject to the foregoing provisions, the terms, conditions and limitations applicable to any SARs awarded pursuant to this Plan, including the Grant Price, the term of any SARs and the date or dates upon which they become exercisable, shall be determined by the Committee. Stock Appreciation Rights shall be subject to such terms and conditions, not inconsistent with the provisions of the Plan, as shall be determined from time to time by the Committee, including the following:

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(A) Upon the exercise of a Stock Appreciation Right, the holder shall have the right to receive the excess of (i) the Fair Market Value of one Share on the date of exercise over (ii) the grant price of the right on the date of grant, or in the case of a tandem Stock Appreciation Right granted on the date of grant of the related Option, as specified by the Committee in its sole discretion, which, except in the case of Substitute Awards or in connection with an adjustment provided in Section 15 or in accordance with Section 8(a)(ii)(G), shall not be less than the Fair Market Value of one Share on such date of grant of the right or the related Option, as the case may be, the Committee shall not, without the approval of the Corporation stockholders, (a) lower the grant price of a Stock Appreciation Right after it is granted, (b) cancel a Stock Appreciation Right when the grant price exceeds the Fair Market Value of the underlying Shares in exchange for cash or another Award (other than in connection with Substitute Awards), or (c) take any other action with respect to a Stock Appreciation Right that may be treated as a repricing under the rules and regulations of the national securities exchange on which Shares are listed.

(B) Upon the exercise of a Stock Appreciation Right, the Committee shall determine in its sole discretion whether payment shall be made in cash, in whole Shares or other property, or any combination thereof.

(C) Any Stock Appreciation Right may be granted at the same time as the related Option is granted or at any time thereafter before exercise or expiration of such Option.

(D) Any Stock Appreciation Right related to an Option may be exercised only when the related Option would be exercisable and the Fair Market Value of the Shares subject to the related Option exceeds the option price at which Shares can be acquired pursuant to the Option. In addition, if a Stock Appreciation Right related to an Option exists with respect to less than the full number of Shares covered by a related Option, then an exercise or termination of such Option shall not reduce the number of Shares to which the Stock Appreciation Right applies until the number of Shares then exercisable under such Option equals the number of Shares to which the Stock Appreciation Right applies.

(E) Any Option related to a Stock Appreciation Right shall no longer be exercisable to the extent the Stock Appreciation Right has been exercised.

(F) The provisions of Stock Appreciation Rights need not be the same with respect to each recipient.

(G) The Committee may impose such other conditions or restrictions on the terms of exercise and the exercise price of any Stock Appreciation Right, as it shall deem appropriate, including providing that the exercise price of a Stock Appreciation Right related to an Option may be less than the Fair Market Value on the date of grant if the Stock Appreciation Right is added to an Option following the date of the grant of the Option. Notwithstanding the foregoing provisions of this Section 8(a)(ii), but subject to Section 15, a Stock Appreciation Right shall be evidenced by an Award Agreement and generally have the same terms and conditions as Options, including (i) an exercise price not less than Fair Market Value on the date of grant and (ii) a term not greater than 10 years (including an extension of term as provided in Section 8(a)(i) and automatic exercise of an otherwise expiring Award provided in Section 11). In addition to the foregoing, but subject to Section 15, the base amount of any Stock Appreciation Right shall not be reduced after the date of grant.

(H) The Committee may impose such terms and conditions on Stock Appreciation Rights granted in conjunction with any Award (other than an Option) as the Committee shall determine in its sole discretion.

(iii) Stock Award. An Employee Award or Director Award may be in the form of a Stock Award. The terms, conditions and limitations of any Restricted Period applicable to any Stock Awards granted to Participants pursuant to this Plan shall be determined by the Committee.

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(iv) *Cash Award*. An Employee Award may be in the form of a Cash Award. The terms, conditions and limitations applicable to any Cash Awards granted pursuant to this Plan shall be determined by the Committee.

(v) *Performance Award*. Without limiting the type or number of Employee Awards or Director Awards that may be made under the other provisions of this Plan, an Employee Award or Director Award may be in the form of a Performance Award. The terms, conditions and limitations applicable to any Performance Awards granted to Participants pursuant to this Plan shall be determined by the Committee. The Committee shall set Performance Goals in its discretion which, depending on the extent to which they are met, will determine the value and/or amount of Performance Awards that will be paid out to the Participant and/or the portion of an Award that may be exercised.

(A) Non-Qualified Performance Awards. Performance Awards granted to Employees or Directors that are not intended to qualify as qualified performance based compensation under Section 162(m) of the Code shall be based on achievement of such goals and be subject to such terms, conditions and restrictions as the Committee or its delegate shall determine.

(B) Qualified Performance Awards. Performance Awards granted to Employees under the Plan that are intended to qualify as qualified performance based compensation under Section 162(m) of the Code shall be paid, vested or otherwise deliverable solely on account of the attainment of one or more pre-established, objective Performance Goals established by the Committee prior to the earlier to occur of (x) 90 days after the commencement of the period of service to which the Performance Goal relates and (y) the lapse of 25% of the period of service (as scheduled in good faith at the time the goal is established), and in any event while the outcome is substantially uncertain. A Performance Goal is objective if a third party having knowledge of the relevant facts could determine whether the goal is met. Such a Performance Goal may be based on one or more business criteria that apply to the Employee, one or more business units, divisions, or sectors of the Corporation, or the Corporation as a whole, and if so desired by the Committee, by comparison with a peer group of companies. A Performance Goal may include one or more of the following: Stock price measures (including but not limited to growth measures and total shareholder return); earnings per share (actual or targeted growth); earnings before and after interest and/or taxes, depreciation, and amortization (EBITDA); economic value added (EVA); net income measures (including but not limited to income after capital costs and income before or after taxes); operating income; cash flow measures; return measures (including but not limited to return on average assets, risk-adjusted return on capital, and return on average equity); operating measures (including but not limited to sales volumes, production volumes and production efficiency); expense measures (including but not limited to overhead cost and general and administrative expense); margins; and corporate values measures (including but not limited to ethics compliance, environmental, and safety).

Unless otherwise stated, such a Performance Goal need not be based upon an increase or positive result under a particular business criterion and could include, for example, maintaining the status quo or limiting economic losses (measured, in each case, by reference to specific business criteria). In interpreting Plan provisions applicable to Performance Goals and Qualified Performance Awards, it is the intent of the Plan to conform with the standards of Section 162(m) of the Code and Treasury Regulation §1.162-27(e)(2)(i), as to grants to those Employees whose compensation is, or is likely to be, subject to Section 162(m) of the Code, and the Committee in establishing such goals and interpreting the Plan shall be guided by such provisions. Prior to the payment of any compensation based on the achievement of Performance Goals, the Committee must certify in writing that applicable Performance Goals and any of the material terms thereof were, in fact, satisfied. Subject to the foregoing provisions, the terms, conditions and limitations applicable to any Qualified Performance Awards made pursuant to this Plan shall be determined by the Committee.

(b) Notwithstanding anything to the contrary contained in this Plan, the following limitations shall apply to any Employee Awards made hereunder:

(i) no Participant may be granted, during any fiscal year, Employee Awards consisting of Options or SARs (including Options or SARs that are granted as Performance Awards) that are exercisable for more than 600,000 shares of Common Stock;

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(ii) no Participant may be granted, during any fiscal year, Employee Awards consisting of Stock Awards (including Stock Awards that are granted as Performance Awards) covering or relating to more than 300,000 shares of Common Stock (the limitation set forth in this clause (ii), together with the limitation set forth in clause (i) above and (c)(i) and (ii) below, being hereinafter collectively referred to as the Stock Based Awards Limitations); and

(iii) no Participant may be granted Employee Awards under this Plan consisting of cash (including Awards that are granted as Performance Awards) in respect of any fiscal year having a value determined on the Grant Date in excess of \$5,000,000.

(c) Notwithstanding anything to the contrary contained in this Plan the following limitations shall apply to any Director Awards made hereunder:

(i) no Participant may be granted, during any fiscal year, Director Awards consisting of Options having a value determined on the Grant Date in excess of \$350,000; and

(ii) no Participant may be granted, during any fiscal year, Director Awards consisting of Stock Awards having a value determined on the Grant Date in excess of \$350,000.

(d) Prior to the Restatement Date, certain awards on shares of Common Stock (the Prior Awards) had been granted under the Prior Plan as in effect from time to time. As of the Restatement Date, each Prior Award will continue to be outstanding and the shares of Common Stock that are the subject of such Prior Awards shall be subject to adjustment in accordance with Section 15 and to the other provisions of the Plan.

9. Non-United States Participants. The Committee may grant awards to persons outside the United States under such terms and conditions as may, in the judgment of the Committee, be necessary or advisable to comply with the laws of the applicable foreign jurisdictions and, to that end, may establish sub-plans, modified option exercise procedures and other terms and procedures. Notwithstanding the above, the Committee may not take any actions hereunder, and no Awards shall be granted, that would violate the Exchange Act, the Code, any securities law, any governing statute, or any other applicable law.

10. Payment of Awards.

(a) *General.* Payment made to a Participant pursuant to an Award may be made in the form of cash or Common Stock, or a combination thereof, and may include such restrictions as the Committee shall determine, including, in the case of Common Stock, restrictions on transfer and forfeiture provisions. If such payment is made in the form of Restricted Stock, the Committee shall specify whether the underlying shares are to be issued at the beginning or end of the Restriction Period. In the event that shares of Restricted Stock are to be issued at the beginning of the Restriction Period, the certificates evidencing such shares (to the extent that such shares are so evidenced) shall contain appropriate legends and restrictions that describe the terms and conditions of the restrictions applicable thereto. In the event that shares of Restricted Stock are to be issued at the end of the Restriction Period, the right to receive such shares shall be evidenced by book entry registration or in such other manner as the Committee may determine.

(b) *Deferral.* With the approval of the Committee, amounts payable in respect of Awards may be deferred and paid either in the form of installments or as a lump-sum payment. The Committee may permit selected Participants to elect to defer payments of some or all types of Awards or any other compensation otherwise payable by the Corporation in accordance with procedures established by the Committee and may provide that such deferred compensation may be payable in shares of Common Stock. Any deferred payment pursuant to an Award, whether elected by the Participant or specified by the Award Agreement or the terms of the Award or by the Committee, may be forfeited if and to the extent that the Award Agreement or the terms of the Award so provide.

(c) *Dividends, Earnings and Interest.* Rights to dividends or Dividend Equivalents may be extended to and made part of any Stock Award, subject to such terms, conditions and restrictions as the Committee may establish. The Committee may also establish rules and procedures for the crediting of interest or other earnings on deferred cash payments and Dividend Equivalents for Stock Awards.

(d) *Substitution of Awards.* Subject to Sections 6(a), 13 and 15, at the discretion of the Committee, a Participant who is an Employee may be offered an election to substitute an Employee Award for another Employee Award or Employee Awards of the same or different type.

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11. Exercise of Options. Vested Options granted under the Plan may be exercised by the Participant, by a permitted assignee thereof, or by the Participant's executors, administrators, guardian or legal representative as to all or part of the Shares covered thereby, by the giving of notice of exercise to the Corporation or its designated agent, specifying the number of Shares to be purchased, accompanied by payment of the full purchase price for the Shares being purchased. Unless otherwise provided in an Award Agreement, full payment of such purchase price shall be made at the time of exercise and shall be made (a) in cash or cash equivalents (including certified check or bank check or wire transfer of immediately available funds), (b) by tendering previously acquired Shares (either actually or by attestation, valued at their then Fair Market Value), (c) with the consent of the Committee, by delivery of other consideration (including, where permitted by law and the Committee, other Awards) having a Fair Market Value on the exercise date equal to the total purchase price, (d) with the consent of the Committee, by withholding Shares otherwise issuable in connection with the exercise of the Option, (e) through any other method specified in an Award Agreement, or (f) any combination of any of the foregoing. The notice of exercise, accompanied by such payment, shall be delivered to the Corporation at its principal business office or such other office as the Committee may from time to time direct, and shall be in such form, containing such further provisions consistent with the provisions of the Plan, as the Committee may from time to time prescribe. In no event may any Option granted hereunder be exercised for a fraction of a Share. No adjustment shall be made for ordinary cash dividends or other rights for which the record date is prior to the date as of which the Participant exercises the Option and becomes the sole owner of the subject Shares. An Option shall be automatically exercised as of the end of the last day of the term of the Option, if the Option price is less than the Fair Market Value of a Share on such date, on a net exercise basis as contemplated by this Section 11 and with tax withholding satisfied by the Corporation retaining Shares from the exercise as contemplated by Section 12. In its sole discretion, the Committee may provide, at the time of grant, that the Shares to be issued upon an Option's exercise shall be in the form of Restricted Stock or other similar securities, or may reserve the right so to provide after the time of grant. The Committee may grant Incentive Stock Options to any Employee of the Corporation or any Affiliate, subject to the requirements of Section 422 of the Code.

12. Taxes. The Corporation or its designated third party administrator shall have the right to deduct applicable taxes from any Employee Award payment and withhold, at the time of delivery or vesting of cash or shares of Common Stock under this Plan, an appropriate amount of cash or number of shares of Common Stock or a combination thereof for payment of taxes or other amounts required by law or to take such other action as may be necessary in the opinion of the Corporation to satisfy all obligations for withholding of such taxes. The Committee may also permit withholding to be satisfied by the transfer to the Corporation of shares of Common Stock theretofore owned by the holder of the Employee Award with respect to which withholding is required.

13. Amendment, Modification, Suspension or Termination of the Plan. The Board may amend, modify, suspend or terminate this Plan for the purpose of meeting or addressing any changes in legal requirements or for any other purpose permitted by law, except that (i) no amendment or alteration that would adversely affect the rights of any Participant under any Award previously granted to such Participant shall be made without the consent of such Participant and (ii) no amendment or alteration shall be effective prior to its approval by the stockholders of the Corporation to the extent such approval is required by applicable legal requirements or the requirements of the securities exchange on which the Corporation's Common Stock is listed.

14. Assignability. Unless otherwise determined by the Committee and provided in the Award Agreement or the terms of the Award, no Award or any other benefit under this Plan shall be assignable or otherwise transferable except by will, by beneficiary designation or the laws of descent and distribution or pursuant to a qualified domestic relations order as defined by the Code or Title I of the Employee Retirement Income Security Act, or the rules thereunder. In the event that a beneficiary designation conflicts with an assignment by will, the beneficiary designation will prevail. The Committee may prescribe and include in applicable Award Agreements or the terms of the Award other restrictions on transfer. Any attempted assignment of an Award or any other benefit under this Plan in violation of this Section 14 shall be null and void.

15. Adjustments.

(a) The existence of outstanding Awards shall not affect in any manner the right or power of the Corporation or its stockholders to make or authorize any or all adjustments, recapitalizations, reorganizations or other changes in the capital stock of the Corporation or its business or any merger or consolidation of the Corporation, or any issue of bonds, debentures, preferred or prior preference stock (whether or not such issue is prior to, on a parity with or junior to the Shares) or the dissolution or liquidation of the Corporation, or any sale or transfer of all or any part of its assets or business, or any other corporate act or proceeding of any kind, whether or not of a character similar to that of the acts or proceedings enumerated above.

(b) In the event of any subdivision or consolidation of outstanding shares of Common Stock, declaration of a dividend payable in Shares or other stock split, then (1) the number of Shares reserved under this Plan, (2) the number of Shares covered by outstanding Awards in the form of Shares or units denominated in Shares, (3) the exercise price or other price in respect of such Awards, (4) the Stock Based Awards Limitations, and (5) the appropriate Fair Market Value and other price determinations for such Awards shall each be proportionately adjusted by the Committee as appropriate to reflect such transaction. In the event of any other recapitalization or capital reorganization of the Corporation, any consolidation or merger of the Corporation with another corporation or entity, the adoption by the Corporation of any plan of exchange affecting

the Shares or any distribution to holders

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of Shares of securities or property (other than normal cash dividends or dividends payable in Shares), the Committee shall make appropriate adjustments to (i) the number and kind of shares covered by Awards in the form of Shares or units denominated in Shares, (ii) the exercise price or other price in respect of such Awards, (iii) the appropriate Fair Market Value and other price determinations for such Awards, and (iv) the Stock Based Awards Limitations to reflect such transaction; provided that such adjustments shall only be such as are necessary to maintain the proportionate interest of the holders of the Awards and preserve, without increasing, the value of such Awards.

(c) In connection with a corporate merger, consolidation, acquisition of property or stock, separation, reorganization or liquidation, the Committee may make such adjustments to Awards or other provisions for the disposition of Awards as it deems equitable, and shall be authorized, in its discretion, (1) to provide for the substitution of a new Award or other arrangement (which, if applicable, may be exercisable for such property or stock as the Committee determines) for an Award or the assumption of the Award, regardless of whether in a transaction to which Code Section 424(a) applies, (2) to provide for the acceleration of the vesting and exercisability of, or lapse of restrictions with respect to, the Award and, if the transaction is a cash merger, provide for the termination of any portion of the Award that remains unexercised at the time of such transaction, or (3) to cancel any such Awards and to deliver to the Participants cash in an amount that the Committee shall determine in its sole discretion is equal to the Fair Market Value of such Awards on the date of such event, which in the case of Options or Stock Appreciation Rights shall be the excess of the Fair Market Value of Common Stock on such date over the Option or base price of such Award.

(d) No adjustment or substitution pursuant to this Section 15 shall be made in a manner that results in noncompliance with the requirements of Code Section 409A, to the extent applicable.

16. Restrictions. No Common Stock or other form of payment shall be issued with respect to any Award unless the Corporation shall be satisfied based on the advice of its counsel that such issuance will be in compliance with applicable federal and state securities laws. Certificates evidencing shares of Common Stock delivered under this Plan (to the extent that such shares are so evidenced) may be subject to such stop transfer orders and other restrictions as the Committee may deem advisable under the rules, regulations and other requirements of the Securities and Exchange Commission, any securities exchange or transaction reporting system upon which the Common Stock is then listed or to which it is admitted for quotation and any applicable federal or state securities law. The Committee may cause a legend or legends to be placed upon such certificates (if any) to make appropriate reference to such restrictions.

17. Unfunded Plan. This Plan shall be unfunded. Although bookkeeping accounts may be established with respect to Participants under this Plan, any such accounts shall be used merely as a bookkeeping convenience, including bookkeeping accounts established by a third party administrator retained by the Corporation to administer the Plan. The Corporation shall not be required to segregate any assets for purposes of this Plan or Awards hereunder, nor shall the Corporation, the Board or the Committee be deemed to be a trustee of any benefit to be granted under this Plan. Any liability or obligation of the Corporation to any Participant with respect to an Award under this Plan shall be based solely upon any contractual obligations that may be created by this Plan and any Award Agreement or the terms of the Award, and no such liability or obligation of the Corporation shall be deemed to be secured by any pledge or other encumbrance on any property of the Corporation. Neither the Corporation nor the Board nor the Committee shall be required to give any security or bond for the performance of any obligation that may be created by this Plan.

18. Right to Employment. Nothing in the Plan or an Award Agreement shall interfere with or limit in any way the right of the Corporation to terminate any Participant's employment or other service relationship at any time, nor confer upon any Participant any right to continue in the capacity in which he or she is employed or otherwise serves the Corporation.

19. Successors. All obligations of the Corporation under the Plan with respect to Awards granted hereunder shall be binding on any successor to the Corporation, whether the existence of such successor is the result of a direct or indirect purchase, merger, consolidation, or otherwise, of all or substantially all of the business and/or assets of the Corporation.

20. Code Section 409A.

(a) Awards made under this Plan are intended to comply with or be exempt from Code Section 409A, and ambiguous provisions hereof, if any, shall be construed and interpreted in a manner consistent with such intent. No payment, benefit or consideration shall be substituted for an Award if such action would result in the imposition of taxes under Code Section 409A. Notwithstanding anything in this Plan to the contrary, if any Plan provision or Award under this Plan would result in the imposition of an additional tax under Code Section 409A, that Plan provision or Award shall be reformed, to the extent permissible under Code Section 409A, to avoid imposition of the additional tax, and no such action shall be deemed to adversely affect the Participant's rights to an Award.

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(b) Unless the Committee provides otherwise in an Award Agreement, each restricted or performance Unit Award or Cash Award (or portion thereof if the Award is subject to a vesting schedule) shall be settled no later than the 15th day of the third month after the end of the first calendar year in which the Award (or such portion thereof) is no longer subject to a substantial risk of forfeiture within the meaning of Code Section 409A. If the Committee determines that a restricted or performance Unit Award or Cash Award is intended to be subject to Code Section 409A, the applicable Award Agreement shall include terms that are designed to satisfy the requirements of Code Section 409A.

(c) If the Participant is identified by the Corporation as a specified employee within the meaning of Code Section 409A(a)(2)(B)(i) on the date on which the Participant has a separation from service (other than due to death) within the meaning of Treasury Regulation § 1.409A-1(h), any Award payable or settled on account of a separation from service that is deferred compensation subject to Code Section 409A shall be paid or settled on the earliest of (1) the first business day following the expiration of six months from the Participant's separation from service, (2) the date of the Participant's death, or (3) such earlier date as complies with the requirements of Code Section 409A.

21. Governing Law. This Plan and all determinations made and actions taken pursuant hereto, to the extent not otherwise governed by mandatory provisions of the Code or the securities laws of the United States, shall be governed by and construed in accordance with the laws of the State of Texas.

22. Effective Date of Amended and Restated Plan; Expiration of Plan. The Plan shall be effective on the date of the approval of the Plan by the holders of the shares entitled to vote at a duly constituted meeting of the stockholders of the Corporation. The Plan shall be null and void and of no effect if the foregoing condition is not fulfilled and in such event the Prior Plan as in effect immediately prior to the Restatement Date will continue to operate in accordance with its terms. Awards may be granted under the Plan at any time and from time to time on or prior to the tenth anniversary of the effective date of the Plan, on which date the Plan will expire except as to any such Awards then outstanding under the Plan. Such outstanding Awards shall remain in effect until they have been exercised or terminated, or have expired.

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VOTE BY INTERNET - www.proxyvote.com

Use the Internet to transmit your voting instructions and for electronic delivery of information up until 11:59 P.M. Eastern Time the day before the cut-off date or meeting date. Have your proxy card in hand when you access the web site and follow the instructions to obtain your records and to create an electronic voting instruction form.

EAGLE MATERIALS INC.

3811 TURTLE CREEK BLVD.

SUITE 1100

DALLAS, TX 75219

ELECTRONIC DELIVERY OF FUTURE PROXY MATERIALS

If you would like to reduce the costs incurred by our company in mailing proxy materials, you can consent to receiving all future proxy statements, proxy cards and annual reports electronically via e-mail or the Internet. To sign up for electronic delivery, please follow the instructions above to vote using the Internet and, when prompted, indicate that you agree to receive or access proxy materials electronically in future years.

VOTE BY PHONE - 1-800-690-6903

Use any touch-tone telephone to transmit your voting instructions up until 11:59 P.M. Eastern Time the day before the cut-off date or meeting date. Have your proxy card in hand when you call and then follow the instructions.

VOTE BY MAIL

Mark, sign and date your proxy card and return it in the postage-paid envelope we have provided or return it to Vote Processing, c/o Broadridge, 51 Mercedes Way, Edgewood, NY 11717.

TO VOTE, MARK BLOCKS BELOW IN BLUE OR BLACK INK AS FOLLOWS:

KEEP THIS PORTION FOR YOUR RECORDS
DETACH AND RETURN THIS PORTION
ONLY

THIS PROXY CARD IS VALID ONLY WHEN SIGNED AND DATED.

The Board of Directors recommends you vote FOR

the following:

	For	Against	Abstain
1. Election of Directors			
1A Robert L. Clarke
1B Martin M. Ellen
1C Steven R. Rowley

The Board of Directors recommends you vote FOR proposals 2, 3 and 4.

**NOTE: THE SHARES
REPRESENTED BY THIS PROXY**

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	For	Against	Abstain	
2 Advisory resolution regarding the compensation of our named executive officers.	WHEN PROPERLY EXECUTED WILL BE VOTED IN THE MANNER DIRECTED HEREIN BY THE UNDERSIGNED STOCKHOLDER(S). IF NO DIRECTION IS MADE, THIS PROXY WILL BE VOTED FOR ITEMS 1, 2, 3 AND 4. IF ANY OTHER MATTERS PROPERLY COME BEFORE THE MEETING, THE PROXIES NAMED IN THIS PROXY WILL VOTE IN THEIR DISCRETION. BY EXECUTING THIS PROXY, THE UNDERSIGNED HEREBY REVOKES PRIOR PROXIES RELATING TO THE MEETING.
3 Approval of the Eagle Materials Inc. Amended and Restated Incentive Plan.	
4 To approve the expected appointment of Ernst & Young LLP as independent auditors for fiscal year 2014.	

Please sign exactly as your name(s) appear(s) hereon. When signing as attorney, executor, administrator, or other fiduciary, please give full title as such. Joint owners should each sign personally. All holders must sign. If a corporation or partnership, please sign in full corporate or partnership name, by authorized officer.

Signature [PLEASE SIGN WITHIN BOX]

Date

Signature (Joint Owners)

Date

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Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting: The Notice & Proxy Statement, Annual Report is/are available at www.proxyvote.com.

EAGLE MATERIALS INC.

THIS PROXY IS SOLICITED ON BEHALF OF

THE BOARD OF DIRECTORS

ANNUAL MEETING OF STOCKHOLDERS

August 7, 2013

The undersigned hereby appoints James H. Graass and Steven R. Rowley, or either of them, as proxies, each with full power of substitution, and hereby authorizes them to represent and to vote, as designated on the reverse side of this ballot, all of the shares of Common Stock of Eagle Materials Inc. that the undersigned is entitled to vote at the Annual Meeting of Stockholders to be held at 8:00 a.m., local time, on Wednesday, August 7, 2013 at Arlington Hall at Lee Park, 3333 Turtle Creek Blvd., Dallas, Texas 75219, and any adjournment or postponement thereof.

THIS PROXY, WHEN PROPERLY EXECUTED, WILL BE VOTED AS DIRECTED BY THE STOCKHOLDER(S). IF NO SUCH DIRECTIONS ARE MADE, THIS PROXY WILL BE VOTED FOR THE ELECTION OF THE NOMINEES LISTED ON THE REVERSE SIDE FOR THE BOARD OF DIRECTORS AND FOR PROPOSALS 2, 3 AND 4. THE PROXIES WILL USE THEIR DISCRETION WITH RESPECT TO ANY OTHER MATTERS THAT PROPERLY COME BEFORE THE MEETING.

By execution of this proxy, the undersigned hereby acknowledges receipt of the Notice of Annual Meeting and Proxy Statement for the August 7, 2013 Annual Meeting.

***For address changes, please contact our transfer agent, Computershare Shareowner Services LLC, at 1-800-279-1248.**

Continued and to be signed on reverse side