City of Chicago

O2014-9516

Office of the City Clerk

Document Tracking Sheet

Meeting Date:	11/19/2014
Sponsor(s):	Emanuel (Mayor)
Type:	Ordinance
Title:	Sale of City-owned property at 3151 West Washington Blvd to Wells Fargo Bank, National Association
Committee(s) Assignment:	Committee on Housing and Real Estate

HSG-

OFFICE OF THE MAYOR

CITY OF CHICAGO

RAHM EMANUEL
MAYOR

November 19, 2014

TO THE HONORABLE, THE CITY COUNCIL
OF THE CITY OF CHICAGO

Ladies and Gentlemen:

At the request of the Commissioner of Planning and Development, I transmit herewith ordinances authorizing the sale of City-owned property.

Your favorable consideration of these ordinances will be appreciated.

Very truly yours,

Rahm Emanuel

Mayor

ORDINANCE

WHEREAS, the City of Chicago ("City") is a home rule unit of government by virtue of the provisions of the Constitution of the State of Illinois of 1970, and as such, may exercise any power and perform any function pertaining to its government and affairs; and

WHEREAS, the City is the owner of the parcel of property located at 3151 W. Washington Street, Chicago, Illinois, which is legally described on Exhibit A attached hereto (the "City Property"), which City Property is located in the Midwest Redevelopment Project Area established pursuant to ordinances adopted by the City Council of the City (the "City Council") on May 17, 2000, and published in the Journal of Proceedings of the City Council (the "Journal") for such date at pages 30775 through 30953, and amended pursuant to ordinance adopted by the City Council on May 9, 2012, and published in the Journal for such date at pages 25884 through 26069; and

WHEREAS, a three-unit condominium building (the "Condominium Building") that was to have been developed solely on the parcel of property located at 3153 W. Washington Street, Chicago, Illinois, which is legally described on Exhibit B attached hereto (the "Developer Property"), was constructed on the Development Property and, without the City's consent, on the City Property (i.e., encroaches on the City Property), as shown in the plat of survey attached hereto as Exhibit C; and

WHEREAS, Wells Fargo Bank, National Association ("Grantee"), with a principal place of business at 1 Home Campus, Des Moines, Iowa, 50328, administers one of the units in the Condominium Building on behalf of the owner US Bank National Association, as Trustee for SASCO 2007-WF1, and has offered to purchase the City Property from the City for the sum of Twenty Thousand and No/100 Dollars ($20,000.00), for the benefit of each of the unit owners of the Condominium Building; and

WHEREAS, pursuant to Resolution No. 14-097-21 adopted on October 16, 2014, by the Plan Commission of the City of Chicago (the "Commission"), the Commission recommended to the City Council the approval of the negotiated sale of the Property to the Grantee; and

WHEREAS, public notice advertising the City's intent to enter into a negotiated sale of the Property with the Grantee and requesting alternative proposals appeared in the *Chicago Sun-Times*, a newspaper of general circulation, on September 26, and October 3 and 10, 2014; and

WHEREAS, no alternative proposals were received by the deadline indicated in the aforesaid notice; now, therefore,

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF CHICAGO:

SECTION 1. The City Council of the City hereby approves the sale of the Property to the Grantee for the amount of Twenty Thousand and No/100 Dollars ($20,000.00).

SECTION 2. The Mayor or his proxy is authorized to execute, and the City Clerk or Deputy City Clerk is authorized to attest, a quitclaim deed conveying the Property to the Grantee, for the benefit of each of the unit owners of the Condominium Building.

SECTION 3. If any provision of this ordinance shall be held to be invalid or unenforceable for any reason, the invalidity or unenforceability of such provision shall not affect any of the other provisions of this ordinance.

SECTION 4. All ordinances, resolutions, motions or orders inconsistent with this ordinance are hereby repealed to the extent of such conflict.

SECTION 5. This ordinance shall take effect upon its passage and approval.

EXHIBIT A

Legal Description of City Property
(Subject to Title Commitment and Survey)

LOT 10 IN ALLERTON'S SUBDIVISION OF BLOCK 22 OF D.S. LEE AND OTHERS' SUBDIVISION OF THE SOUTHWEST 1/4 OF SECTION 12, TOWNSHIP 39 NORTH, RANGE 13, EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS.

P.I.N.: 16-12-324-003-0000

Commonly known as 3151 W. Washington Boulevard, Chicago, Illinois 60612

EXHIBIT B

Legal Description of Developer Property
(Subject to Title Commitment and Survey)

LOT 11 IN ALLERTON'S SUBDIVISION OF BLOCK 22 OF D.S. LEE AND OTHERS' SUBDIVISION OF THE SOUTHWEST 1/4 OF SECTION 12, TOWNSHIP 39 NORTH, RANGE 13, EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS.

P.I.N.s: 16-12-324-039-1001
16-12-324-039-1002
16-12-324-039-1003

Commonly known 3153 W. Washington Boulevard, Units 1, 2 and 3, Chicago, Illinois 60612

EXHIBIT C

Plat of Survey

[Attached]

OFFICE:
1836 West 87th Street
Chicago, Illinois 60620
Tel: (773) 233-8510
Fax: (773) 233-0849
P.O. Box 208561

PLAT OF SURVEY

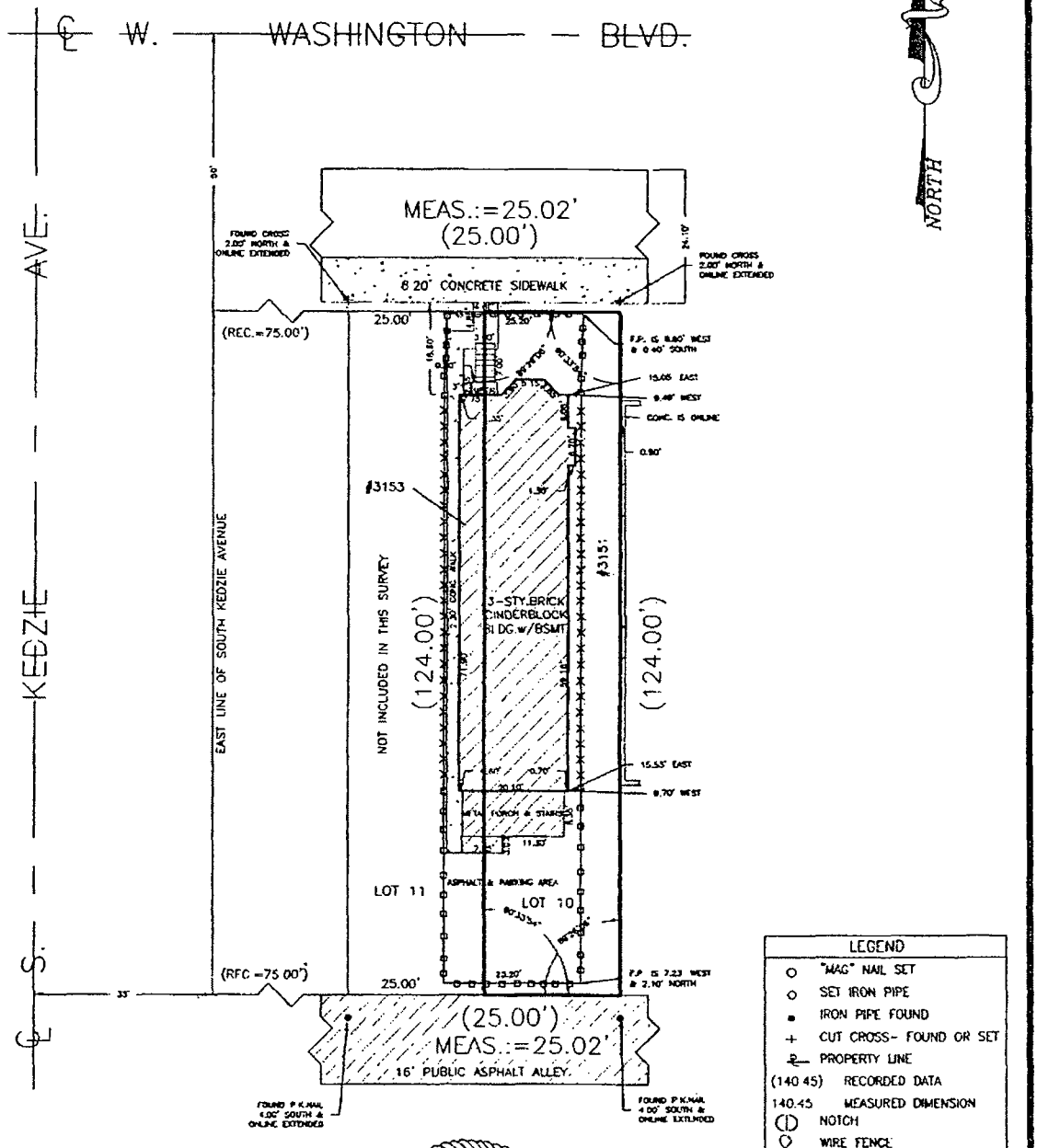
L.R. Pass & Associates, P.C.

Professional Land Surveyors

Plat of Surveys
Topography
Mortgage Inspections
Condominiums
Land Development
Legal Descriptions

LOT 10 IN ALLERTON'S SUBDIVISION OF BLOCK 22 OF D. S. LEE AND OTHERS' SUBDIVISION OF THE SOUTHWEST 1/4 OF SECTION 12, TOWNSHIP 39 NORTH, RANGE 13, EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS.

(COMMONLY KNOWN AS: 3151 W. WASHINGTON BLVD., CHICAGO, ILLINOIS.)



LEGEND	
○	"MAG" NAIL SET
○	SET IRON PIPE
●	IRON PIPE FOUND
+	CUT CROSS- FOUND OR SET
℄	PROPERTY LINE
(140.45)	RECORDED DATA
140.45	MEASURED DIMENSION
	NOTCH
	WIRE FENCE
/	WOOD FENCE
×	CHAIN LINK FENCE (C.L.F.)
□	WROUGHT IRON FENCE (W.I.F.)
●●●	5 NAILS (SET)

PROFESSIONAL LAND SURVEYOR — LEON R PASS — 035-003083 — CHICAGO ILLINOIS — STATE OF ILLINOIS

L.R. PASS & ASSOCIATES P.C. — PROFESSIONAL DESIGN FIRM LAND SURVEYING CORPORATION 184-001433 — STATE OF ILLINOIS

REVISED DATE: 03/02/06
P.I.N.: 16-12-324-003-0000
BOOK NO.: 219
SURVEYOR: K.G.
FIELD DATE: 02/13/06
DIMENSIONS ARE NOT TO BE SCALED.
ORDER NO.: 06-328F-11 C4-N
SCALE: 1" = 20 FEET
ORDERED BY: CLARKE CONSTRUCTION
MEMBER: I.P.L.S.A.
A.C.S.M.

N.A.

THIS PROFESSIONAL SERVICE CONFORMS TO THE CURRENT ILLINOIS MINIMUM STANDARDS OF PRACTICE APPLICABLE TO BOUNDARY SURVEYS. ILLINOIS PROFESSIONAL LAND SURVEYOR NO. 035-0003083.

STATE OF ILLINOIS
COUNTY OF COOK

WE, L.R. PASS & ASSOCIATES, P.C., DO HEREBY CERTIFY THAT WE HAVE SURVEYED THE ABOVE DESCRIBED PROPERTY AND TO THE BEST OF OUR KNOWLEDGE, INFORMATION AND BELIEF, THE PLAT HEREON DRAWN IS A REPRESENTATION OF SAID SURVEY.

GIVEN UNDER MY HAND AND SEAL THIS 14th DAY OF FEBRUARY 2006.

LICENSE EXPIRATION DATE: 11/30/06

CITY OF CHICAGO
ECONOMIC DISCLOSURE STATEMENT
AND AFFIDAVIT

SECTION I -- GENERAL INFORMATION

A. Legal name of the Disclosing Party submitting this EDS. Include d/b/a/ if applicable:

Wells Fargo Bank, National Association

Check ONE of the following three boxes:

Indicate whether the Disclosing Party submitting this EDS is:

1. [✓] the Applicant
   OR
2. [ ] a legal entity holding a direct or indirect interest in the Applicant. State the legal name of the Applicant in which the Disclosing Party holds an interest: _____
   OR
3. [ ] a legal entity with a right of control (see Section II.B.1.) State the legal name of the entity in which the Disclosing Party holds a right of control: _____

B. Business address of the Disclosing Party: Wells Fargo Bank, National Association
1 Home Campus, Des Moines, IA 50328

C. Telephone: 312-443-1775 Fax: 312-896-6798 Email: Cnogar ~~google~~@lockelord.com

D. Name of contact person: Courtney Nogar

E. Federal Employer Identification No. (if you have one): _____

F. Brief description of contract, transaction or other undertaking (referred to below as the "Matter") to which this EDS pertains. (Include project number and location of property, if applicable):

Purchase of the vacant lot located at 3153 Washington

G. Which City agency or department is requesting this EDS? Department of Planning and Development

If the Matter is a contract being handled by the City's Department of Procurement Services, please complete the following:

Specification # N/A and Contract # N/A

☐

SECTION II -- DISCLOSURE OF OWNERSHIP INTERESTS

A. NATURE OF THE DISCLOSING PARTY

1. Indicate the nature of the Disclosing Party:

[ ] Person
[ ] Publicly registered business corporation
[ ] Privately held business corporation
[ ] Sole proprietorship
[ ] General partnership
[ ] Limited partnership
[ ] Trust
[ ] Limited liability company
[ ] Limited liability partnership
[ ] Joint venture
[ ] Not-for-profit corporation
(Is the not-for-profit corporation also a 501(c)(3))?
[ ] Yes [ ] No
[x] Other (please specify)
National Banking Association

2. For legal entities, the state (or foreign country) of incorporation or organization, if applicable:

United States of America

3. For legal entities not organized in the State of Illinois: Has the organization registered to do business in the State of Illinois as a foreign entity?

[ ] Yes [X] No [ ] N/A

B. IF THE DISCLOSING PARTY IS A LEGAL ENTITY:

1. List below the full names and titles of all executive officers and all directors of the entity. **NOTE:** For not-for-profit corporations, also list below all members, if any, which are legal entities. If there are no such members, write "no members." For trusts, estates or other similar entities, list below the legal titleholder(s).

If the entity is a general partnership, limited partnership, limited liability company, limited liability partnership or joint venture, list below the name and title of each general partner, managing member, manager or any other person or entity that controls the day-to-day management of the Disclosing Party. **NOTE**: Each legal entity listed below must submit an EDS on its own behalf.

Name	Title
See Attachment "A"	

2. Please provide the following information concerning each person or entity having a direct or indirect beneficial interest (including ownership) in excess of 7.5% of the Disclosing Party. Examples of such an interest include shares in a corporation, partnership interest in a partnership or joint venture,

ATTACHMENT "A"

WELLS FARGO BANK, NATIONAL ASSOCIATION

Directors and Regulation O Executive Officers

(Effective as of: May 15, 2014)

Directors

Michael J. Heid
Michael J. Loughlin
Avid Modjtabai
Nicholas G. Moore
Philip J. Quigley
John R. Shrewsberry
Timothy J. Sloan
John G. Stumpf
Carrie L. Tolstedt

Regulation O Executive Officers

Patricia R. Callahan	Senior Executive Vice President & Chief Administrative Officer
David M. Carroll	Senior Executive Vice President
Michael J. Heid	Executive Vice President
Richard D. Levy	Executive Vice President & Controller
Michael J. Loughlin	Senior Executive Vice President & Chief Risk Officer
Avid Modjtabai	Senior Executive Vice President
Kevin A. Rhein	Senior Executive Vice President & Chief Information Officer
John R. Shrewsberry	Senior Executive Vice President & Chief Financial Officer
Timothy J. Sloan	Senior Executive Vice President (Head of Wholesale Banking)
James M. Strother	Senior Executive Vice President & General Counsel
John G. Stumpf	Chairman of the Board
Carrie L. Tolstedt	President & Chief Executive Officer

interest of a member or manager in a limited liability company, or interest of a beneficiary of a trust, estate or other similar entity. If none, state "None." **NOTE**: Pursuant to Section 2-154-030 of the Municipal Code of Chicago ("Municipal Code"), the City may require any such additional information from any applicant which is reasonably intended to achieve full disclosure.

Name	Business Address	Percentage Interest in the Disclosing Party
Wells Fargo & Company	420 Montgomery Street, San Francisco, CA 94104	indirectly owns 97.88%
WFC Holdings Corporation	420 Montgomery Street, San Francisco, CA 94104	directly owns 100%

SECTION III -- BUSINESS RELATIONSHIPS WITH CITY ELECTED OFFICIALS

Has the Disclosing Party had a "business relationship," as defined in Chapter 2-156 of the Municipal Code, with any City elected official in the 12 months before the date this EDS is signed?

[ ] Yes [✓] No See Attachment "B"

If yes, please identify below the name(s) of such City elected official(s) and describe such relationship(s):

SECTION IV -- DISCLOSURE OF SUBCONTRACTORS AND OTHER RETAINED PARTIES

The Disclosing Party must disclose the name and business address of each subcontractor, attorney, lobbyist, accountant, consultant and any other person or entity whom the Disclosing Party has retained or expects to retain in connection with the Matter, as well as the nature of the relationship, and the total amount of the fees paid or estimated to be paid. The Disclosing Party is not required to disclose employees who are paid solely through the Disclosing Party's regular payroll.

"Lobbyist" means any person or entity who undertakes to influence any legislative or administrative action on behalf of any person or entity other than: (1) a not-for-profit entity, on an unpaid basis, or (2) himself. "Lobbyist" also means any person or entity any part of whose duties as an employee of another includes undertaking to influence any legislative or administrative action.

If the Disclosing Party is uncertain whether a disclosure is required under this Section, the Disclosing Party must either ask the City whether disclosure is required or make the disclosure.

Attachment "B"

Section III – Business Relationships with City Elected Officials

The undersigned warrants, to the best of his knowledge after due inquiry, that the Disclosing Party has had no business relationship with any City elected official in 12 months before the date the undersigned has signed this EDS.

Note that in the ordinary course of its business, Wells Fargo Bank, N.A. makes loans of various types with individuals and businesses. We have determined that these loans do not constitute a "business relationship" as defined in Chapter 2-156 of the Municipal Code.

Note further that the Disclosing Party has no way of identifying spouses or domestic partners of any City elected official, or the identities of any entities in which any city elected official or his or her spouse or domestic partner has a financial interest, and thus limits its certification to "City elected officials" as specially required by Section III. Specifically, we made due inquiry with respect to the City's Aldermen, the Mayor, the Treasurer and the City Clerk.

Name (indicate whether retained or anticipated to be retained)	Business Address	Relationship to Disclosing Party (subcontractor, attorney, lobbyist, etc.)	Fees (indicate whether paid or estimated.) **NOTE:** "hourly rate" or "t.b.d." is not an acceptable response.
Locke Lorde LLP	111 S. Wacker Drive	Counsel to Wells Fargo	$10,000
	Chicago, IL 60606		

(Add sheets if necessary)

[ ] Check here if the Disclosing Party has not retained, nor expects to retain, any such persons or entities.

SECTION V -- CERTIFICATIONS

A. COURT-ORDERED CHILD SUPPORT COMPLIANCE

Under Municipal Code Section 2-92-415, substantial owners of business entities that contract with the City must remain in compliance with their child support obligations throughout the contract's term.

Has any person who directly or indirectly owns 10% or more of the Disclosing Party been declared in arrearage on any child support obligations by any Illinois court of competent jurisdiction?

[ ] Yes [ ] No [X] No person directly or indirectly owns 10% or more of the Disclosing Party.

If "Yes," has the person entered into a court-approved agreement for payment of all support owed and is the person in compliance with that agreement?

[ ] Yes [ ] No

B. FURTHER CERTIFICATIONS

1. Pursuant to Municipal Code Chapter 1-23, Article I ("Article I")(which the Applicant should consult for defined terms (e.g., "doing business") and legal requirements), if the Disclosing Party submitting this EDS is the Applicant and is doing business with the City, then the Disclosing Party certifies as follows: (i) neither the Applicant nor any controlling person is currently indicted or charged with, or has admitted guilt of, or has ever been convicted of, or placed under supervision for, any criminal offense involving actual, attempted, or conspiracy to commit bribery, theft, fraud, forgery, perjury, dishonesty or deceit against an officer or employee of the City or any sister agency; and (ii) the Applicant understands and acknowledges that compliance with Article I is a continuing requirement for doing business with the City. NOTE: If Article I applies to the Applicant, the permanent compliance timeframe in Article I supersedes some five-year compliance timeframes in certifications 2 and 3 below.

2. The Disclosing Party and, if the Disclosing Party is a legal entity, all of those persons or entities identified in Section II.B.1. of this EDS:

a. are not presently debarred, suspended, proposed for debarment, declared ineligible or voluntarily excluded from any transactions by any federal, state or local unit of government;

b. have not, within a five-year period preceding the date of this EDS, been convicted of a criminal offense, adjudged guilty, or had a civil judgment rendered against them in connection with: obtaining, attempting to obtain, or performing a public (federal, state or local) transaction or contract under a public transaction; a violation of federal or state antitrust statutes; fraud; embezzlement; theft; forgery; bribery; falsification or destruction of records; making false statements; or receiving stolen property;

c. are not presently indicted for, or criminally or civilly charged by, a governmental entity (federal, state or local) with committing any of the offenses set forth in clause B.2.b. of this Section V;

d. have not, within a five-year period preceding the date of this EDS, had one or more public transactions (federal, state or local) terminated for cause or default; and

e. have not, within a five-year period preceding the date of this EDS, been convicted, adjudged guilty, or found liable in a civil proceeding, or in any criminal or civil action, including actions concerning environmental violations, instituted by the City or by the federal government, any state, or any other unit of local government.

3. The certifications in subparts 3, 4 and 5 concern:

• the Disclosing Party;
• any "Contractor" (meaning any contractor or subcontractor used by the Disclosing Party in connection with the Matter, including but not limited to all persons or legal entities disclosed under Section IV, "Disclosure of Subcontractors and Other Retained Parties");
• any "Affiliated Entity" (meaning a person or entity that, directly or indirectly: controls the Disclosing Party, is controlled by the Disclosing Party, or is, with the Disclosing Party, under common control of another person or entity. Indicia of control include, without limitation: interlocking management or ownership; identity of interests among family members, shared facilities and equipment; common use of employees; or organization of a business entity following the ineligibility of a business entity to do business with federal or state or local government, including the City, using substantially the same management, ownership, or principals as the ineligible entity); with respect to Contractors, the term Affiliated Entity means a person or entity that directly or indirectly controls the Contractor, is controlled by it, or, with the Contractor, is under common control of another person or entity;
• any responsible official of the Disclosing Party, any Contractor or any Affiliated Entity or any other official, agent or employee of the Disclosing Party, any Contractor or any Affiliated Entity, acting pursuant to the direction or authorization of a responsible official of the Disclosing Party, any Contractor or any Affiliated Entity (collectively "Agents").

Neither the Disclosing Party, nor any Contractor, nor any Affiliated Entity of either the Disclosing Party or any Contractor nor any Agents have, during the five years before the date this EDS is signed, or, with respect to a Contractor, an Affiliated Entity, or an Affiliated Entity of a Contractor during the five years before the date of such Contractor's or Affiliated Entity's contract or engagement in connection with the Matter:

a. bribed or attempted to bribe, or been convicted or adjudged guilty of bribery or attempting to bribe, a public officer or employee of the City, the State of Illinois, or any agency of the federal government or of any state or local government in the United States of America, in that officer's or employee's official capacity;

b. agreed or colluded with other bidders or prospective bidders, or been a party to any such agreement, or been convicted or adjudged guilty of agreement or collusion among bidders or prospective bidders, in restraint of freedom of competition by agreement to bid a fixed price or otherwise; or

c. made an admission of such conduct described in a. or b. above that is a matter of record, but have not been prosecuted for such conduct; or

d. violated the provisions of Municipal Code Section 2-92-610 (Living Wage Ordinance).

4. Neither the Disclosing Party, Affiliated Entity or Contractor, or any of their employees, officials, agents or partners, is barred from contracting with any unit of state or local government as a result of engaging in or being convicted of (1) bid-rigging in violation of 720 ILCS 5/33E-3; (2) bid-rotating in violation of 720 ILCS 5/33E-4; or (3) any similar offense of any state or of the United States of America that contains the same elements as the offense of bid-rigging or bid-rotating.

5. Neither the Disclosing Party nor any Affiliated Entity is listed on any of the following lists maintained by the Office of Foreign Assets Control of the U.S. Department of the Treasury or the Bureau of Industry and Security of the U.S. Department of Commerce or their successors: the Specially Designated Nationals List, the Denied Persons List, the Unverified List, the Entity List and the Debarred List.

6. The Disclosing Party understands and shall comply with the applicable requirements of Chapters 2-55 (Legislative Inspector General), 2-56 (Inspector General) and 2-156 (Governmental Ethics) of the Municipal Code.

7. If the Disclosing Party is unable to certify to any of the above statements in this Part B (Further Certifications), the Disclosing Party must explain below:

See Attachment "C"

ATTACHMENT "C"

ATTACHMENT TO SECTION V, PART B-CERTAIN OFFENSES INVOLVING CCC AND SISTER AGENCIES AND SECTION V, PART C-FURTHER CERTIFICATIONS

The Disclosing Party certifies the accuracy of the certifications contained in Section V, paragraph B (1-3) and C (1-5) only as to itself, and certifies that to the best of the Disclosing Party's knowledge after due inquiry: (i) the statements in paragraphs B (1-3) and C (1-5) are accurate with respect to the executive officers and directors of the Disclosing Party identified in Section II.B.1.a of the EDS and (ii) the statements in paragraphs C (3-5) are accurate with respect to any "Contractors" of the Disclosing Party identified in Section IV of the EDS.

Notwithstanding the forgoing, in the ordinary course of its business, Wells Fargo receives various complaints and lawsuits which contain an assortment of allegations, some of which may result in judgments against Wells Fargo. Like all major institutions, Wells Fargo is subject to various litigations and proceedings pursuant to which judgments, injunctions or liens may be issued. Wells Fargo responds regularly to inquiries and investigations by governmental entities and, as a highly regulated diversified financial institution has in the past entered into settlements of some of those investigations, including the one specified below. Wells Fargo Bank, N.A. has paid municipal fines in connection with a small number of houses for alleged violations of local housing ordinances, some of which are characterized as misdemeanors. However, there have been no judgments, injunctions or liens arising out of such litigations or proceedings in the last five years that would materially impair Wells Fargo's ability as of this date to conduct its business or meet its obligations under the transaction to which this EDS relates. Also in the ordinary course of its business, Wells Fargo regularly enters into financial transactions of various types with public entities throughout the United States. It is possible that one or more public entities have terminated a transaction for cause or default.

For a description of certain legal proceedings, please see the Wells Fargo's SEC filings, https://www.wellsfargo.com/invest_relations/filings, a summary of which are on file with the City. The City also has on file the Wells Fargo press release dated December 8, 2011 regarding the municipal derivatives bid practices settlement with the Office of the Comptroller of the Currency, Securities and Exchange Commission, the U.S. Internal Revenue Service, U.S. Department of Justice and a group of state Attorneys General. On February 9, 2012, Wells Fargo & Company issued a press release regarding an agreement with the federal government and state attorneys general concerning mortgage servicing, foreclosure and origination issues, and filed an SEC Form 8-K in accordance therewith. Material updates to Wells Fargo's SEC filings will be provided in connection with future EDS filings.

WELLS FARGO & COMPANY SEC FILINGS (**Attachment "C"**)

Legal Proceedings Section from 10-K filed 2/28/08 (Wachovia)

Wachovia and certain of our subsidiaries are involved in a number of judicial, regulatory and arbitration proceedings concerning matters arising from the conduct of our business activities. These proceedings include actions brought against Wachovia and/or its subsidiaries with respect to transactions in which Wachovia and/or our subsidiaries acted as banker, lender, underwriter, financial advisor or broker or in activities related thereto. In addition, Wachovia and its subsidiaries may be requested to provide information or otherwise cooperate with governmental authorities in the conduct of investigations of other persons or industry groups. It is Wachovia's policy to cooperate in all regulatory inquiries and investigations.

Although there can be no assurance as to the ultimate outcome, Wachovia and/or our subsidiaries have generally denied, or believe we have a meritorious defense and will deny, liability in all significant litigation pending against us, including the matters described below, and we intend to defend vigorously each such case. Reserves are established for legal claims when payments associated with the claims become probable and the costs can be reasonably estimated. The actual costs of resolving legal claims may be substantially higher or lower than the amounts reserved for those claims.

In the Matter of KPMG LLP Certain Auditor Independence Issues. The SEC has requested Wachovia to produce certain information concerning any agreements or understandings by which Wachovia referred clients to KPMG LLP during the period January 1, 1997 to November 2003 in connection with an inquiry regarding the independence of KPMG LLP as Wachovia's outside auditors during such period. Wachovia is continuing to cooperate with the SEC in its inquiry, which is being conducted pursuant to a formal order of investigation entered by the SEC on October 21, 2003. Wachovia believes the SEC's inquiry relates to certain tax services offered to Wachovia customers by KPMG LLP during the period from 1997 to early 2002, and whether these activities might have caused KPMG LLP not to be "independent" from Wachovia, as defined by applicable accounting and SEC regulations requiring auditors of an SEC-reporting company to be independent of the company. Wachovia and/or KPMG LLP received fees in connection with a small number of personal financial consulting transactions related to these services. KPMG LLP has confirmed to Wachovia that during all periods covered by the SEC's inquiry, including the present, KPMG LLP was and is "independent" from Wachovia under applicable accounting and SEC regulations.

Financial Advisor Wage/Hour Class Action Litigation. Wachovia Securities, LLC, Wachovia's retail securities brokerage subsidiary, is a defendant in multiple state and nationwide putative class actions alleging unpaid overtime wages and improper wage deductions for financial advisors. In December 2006 and January 2007, related cases pending in U.S. District courts in several states were consolidated for case administrative purposes in the U.S. District Court for the Central District of California pursuant to two orders of the Multi-District Litigation Panel. There is an additional case alleging a statewide class under California law, which is currently pending in Superior Court in Los Angeles County, California. Wachovia believes that it has meritorious defenses to the claims asserted in these lawsuits, which are part of an industry trend of related wage/hour class action litigation, and intends to defend vigorously the cases.

Adelphia Litigation. Certain Wachovia affiliates are defendants in an adversary proceeding previously pending in the United States Bankruptcy Court for the Southern District of New York related to the bankruptcy of Adelphia Communications Corporation ("Adelphia"). In February 2006, an order was entered moving the case to the United States District Court for the Southern District of New York. The Official Committee of Unsecured Creditors in Adelphia's bankruptcy case has filed claims on behalf of Adelphia against over 300 financial services companies, including the Wachovia affiliates. The complaint asserts claims against the defendants under state law, bankruptcy law and the Bank Holding Company Act and seeks equitable relief and an unspecified amount of compensatory and punitive damages. The Official Committee of Equity Security Holders has sought leave to intervene in that complaint and sought leave to bring additional claims against certain of the financial services companies, including the Wachovia affiliates, including additional federal and state claims. On August 30, 2005, the bankruptcy court granted the creditors' committee and the equity holders' committee standing to proceed with their claims. On June 11, 2007, the court granted in part and denied in part the motions to dismiss filed by Wachovia and other defendants. On July 11, 2007, Wachovia and other defendants requested leave to appeal the partial denial of the motions to dismiss. On January 17, 2008, the district court affirmed the decision of the bankruptcy court on the motion to dismiss with the exception that it dismissed one additional claim.

In addition, certain affiliates of Wachovia, together with numerous other financial services companies, have been named in several private civil actions by investors in Adelphia debt and/or equity securities, alleging among other claims, misstatements in connection with Adelphia securities offerings between 1997 and 2001. Wachovia affiliates acted as an underwriter in certain of those securities offerings, as agent and/or lender for certain Adelphia credit facilities, and as a provider of Adelphia's treasury/cash management services. These complaints, which seek unspecified damages, have been consolidated in the United States District Court for the Southern District of New York. In separate orders entered in May and July 2005, the District Court dismissed a number of the securities law claims asserted against Wachovia, leaving some securities law claims pending. Wachovia still has a pending motion to dismiss with respect to these claims. On June 15, 2006, the District Court signed the preliminary order with respect to a proposed settlement of the securities class action pending against Wachovia and the other financial services companies. At a fairness hearing on the settlement on November 10, 2006, the District Court approved the settlement. Wachovia's share of the settlement, $1.173 million, was paid in November 2006. The other private civil actions have not been settled.

Le-Nature's, Inc. Wachovia Bank, N.A. is the administrative agent on a $285 million credit facility extended to Le-Nature's, Inc. in September 2006, of which approximately $270 million was syndicated to other lenders by Wachovia Capital Markets, LLC as Lead Arranger and Sole Bookrunner. Le-Nature's was the subject of a Chapter 7 bankruptcy petition which was converted to a Chapter 11 bankruptcy petition in November 2006 in U.S. Bankruptcy Court in Pittsburgh, Pennsylvania following a report by a court-appointed custodian in a proceeding in Delaware that revealed fraud and significant accounting irregularities on the part of Le-Nature's management, including maintenance of a dual set of financial records. On March 14, 2007, Wachovia filed an action against several hedge funds in Superior Court for the State of North Carolina entitled *Wachovia Bank, National Association and Wachovia Capital Markets LLC v. Harbinger Capital Partners Master Fund I, Ltd. et al.*, alleging that the hedge fund defendants had acquired a significant quantity of the outstanding debt with full knowledge of the Le Nature's fraud and with the intention of pursuing alleged fraud and other tort claims against Wachovia purportedly related to its role in the Le-Nature's credit facility. The assertion of such claims would constitute a violation of North Carolina's legal and public policy prohibitions on champerty and maintenance. A preliminary injunction has been entered by the Court that, among other things, prohibits defendants from asserting any such claims in any other forum, but allowing these defendants to bring any claims they believe they possess against Wachovia as compulsory counterclaims in the North Carolina action. On September 18, 2007, these defendants filed an action in the U.S. District Court for the Southern District of New York against Wachovia Capital Markets LLC, a third party and two members of Le-Nature's management asserting claims arising under federal RICO laws. Three original purchasers of the debt also joined the action and asserted various tort claims, including fraud. Wachovia has filed a motion in the North Carolina court seeking to have these defendants held in contempt for violating the preliminary injunction and is seeking dismissal of the New York action. Wachovia, which itself was victimized by the Le-Nature's fraud, will pursue its rights against Le-Nature's and in this litigation vigorously.

Interchange Litigation. Wachovia Bank, N.A. and Wachovia are named as defendants in seven putative class actions filed on behalf of a plaintiff class of merchants with regard to the interchange fees associated with Visa and Mastercard payment card transactions. These actions have been consolidated with more than 40 other actions, which did not name Wachovia as a defendant, in the United Stated District Court for the Eastern District of New York. Visa, Mastercard and several banks and bank holding companies are named as defendants in various of these actions which were consolidated before the Court pursuant to orders of the Judicial Panel on Multidistrict Litigation. The amended and consolidated complaint asserts claims against defendants based on alleged violations of federal and state antitrust laws and seeks damages, as well as injunctive relief. Plaintiff merchants allege that Visa, Mastercard and their member banks unlawfully collude to set interchange fees. Plaintiffs also allege that enforcement of certain Visa and MasterCard rules and alleged tying and bundling of services offered to merchants are anticompetitive. The payment card association defendants and banking defendants are aggressively defending the consolidated action. Wachovia, along with other members of Visa, is a party to Loss and Judgment Sharing Agreements, which provide that Wachovia, along with other member banks of Visa, will share, based on a formula, in any losses in connection with certain litigation specified in the Agreements, including the Interchange Litigation. On November 7, 2007, Visa announced that it had reached a settlement with American Express in connection with certain litigation which is covered by Wachovia's obligations as a Visa member bank and by the Loss Sharing Agreement.

Payment Processing Center. On February 17, 2006, the U.S. Attorney's Office for the Eastern District of Pennsylvania filed a civil fraud complaint against a former Wachovia Bank, N.A. customer, Payment Processing Center ("PPC"). PPC

was a third party payment processor for telemarketing and catalogue companies. On April 12, 2007, a civil class action, *Faloney et al. v. Wachovia,* was filed against Wachovia in the U.S. District Court for the Eastern District of Pennsylvania by a putative class of consumers who made purchases through telemarketer customers of PPC. The suit alleges that between April 1, 2005 and February 21, 2006, Wachovia conspired with PPC to facilitate PPC's purported violation of RICO. The Office of the Comptroller of the Currency is conducting a formal investigation of Wachovia's handling of the PPC account relationship and of five other customers engaged in similar businesses. Wachovia is vigorously defending the civil lawsuit and is cooperating with government officials in the investigations of PPC and Wachovia's handling of the PPC customer relationship.

Municipal Derivatives Bid Practices Investigation. The Department of Justice ("DOJ") and the SEC, beginning in November 2006, have been requesting information from a number of financial institutions, including Wachovia Bank, N.A.'s municipal derivatives group, generally with regard to competitive bid practices in the municipal derivative markets. In connection with these inquiries, Wachovia Bank, N.A. has received subpoenas from both the DOJ and SEC seeking documents and information. The DOJ and the SEC have advised Wachovia Bank, N.A. that they believe certain of its employees engaged in improper conduct in conjunction with certain competitively bid transactions and, in November 2007, the DOJ notified two Wachovia Bank, N.A. employees, both of whom are on administrative leave, that they are regarded as targets of the DOJ's investigation. Wachovia Bank, N.A. has been cooperating and continues to fully cooperate with the government investigations.

Other Regulatory Matters. Governmental and self-regulatory authorities have instituted numerous ongoing investigations of various practices in the securities and mutual fund industries, including those discussed in Wachovia's previous filings with the SEC and those relating to sales practices and record retention. The investigations cover advisory companies to mutual funds, broker-dealers, hedge funds and others. Wachovia has received subpoenas and other requests for documents and testimony relating to the investigations, is endeavoring to comply with those requests, is cooperating with the investigations, and where appropriate, is engaging in discussions to resolve the investigations. Wachovia is continuing its own internal review of policies, practices, procedures and personnel, and is taking remedial action where appropriate.

Outlook. Based on information currently available, advice of counsel, available insurance coverage and established reserves, Wachovia believes that the eventual outcome of the actions against Wachovia and/or its subsidiaries, including the matters described above, will not, individually or in the aggregate, have a material adverse effect on Wachovia's consolidated financial position or results of operations. However, in the event of unexpected future developments, it is possible that the ultimate resolution of those matters, if unfavorable, may be material to Wachovia's results of operations for any particular period.

Legal Proceedings Section from 1st Quarter 2008 10-Q filed 5/12/08 (Wachovia)

Wachovia and certain of our subsidiaries are involved in a number of judicial, regulatory and arbitration proceedings concerning matters arising from the conduct of our business activities. These proceedings include actions brought against Wachovia and/or its subsidiaries with respect to transactions in which Wachovia and/or our subsidiaries acted as banker, lender, underwriter, financial advisor or broker or in activities related thereto. In addition, Wachovia and its subsidiaries may be requested to provide information or otherwise cooperate with governmental authorities in the conduct of investigations of other persons or industry groups. It is Wachovia's policy to cooperate in all regulatory inquiries and investigations.

Although there can be no assurance as to the ultimate outcome, Wachovia and/or our subsidiaries have generally denied, or believe we have a meritorious defense and will deny, liability in all significant litigation pending against us, including the matters described below, and we intend to defend vigorously each such case. Reserves are established for legal claims when payments associated with the claims become probable and the costs can be reasonably estimated. The actual costs of resolving legal claims may be substantially higher or lower than the amounts reserved for those claims.

The following supplements certain matters previously reported in Wachovia's Annual Report on Form 10-K for the year ended December 31, 2007.

Le-Nature's, Inc. Wachovia Bank, N.A. is the administrative agent on a $285 million credit facility extended to Le-Nature's, Inc. in September 2006, of which approximately $270 million was syndicated to other lenders by Wachovia

Capital Markets, LLC as Lead Arranger and Sole Bookrunner. Le-Nature's was the subject of a Chapter 7 bankruptcy petition which was converted to a Chapter 11 bankruptcy petition in November 2006 in U.S. Bankruptcy Court in Pittsburgh, Pennsylvania following a report by a court-appointed custodian in a proceeding in Delaware that revealed fraud and significant accounting irregularities on the part of Le-Nature's management, including maintenance of a dual set of financial records. On March 14, 2007, Wachovia filed an action against several hedge funds in Superior Court for the State of North Carolina entitled *Wachovia Bank, National Association and Wachovia Capital Markets LLC v. Harbinger Capital Partners Master Fund I, Ltd. et al.*, alleging that the hedge fund defendants had acquired a significant quantity of the outstanding debt with full knowledge of the Le Nature's fraud and with the intention of pursuing alleged fraud and other tort claims against Wachovia purportedly related to its role in the Le-Nature's credit facility. The assertion of such claims would constitute a violation of North Carolina's legal and public policy prohibitions on champerty and maintenance. A preliminary injunction was entered by the Court that, among other things, prohibited defendants from asserting any such claims in any other forum. On September 18, 2007, these defendants filed an action in the U.S. District Court for the Southern District of New York against Wachovia Capital Markets LLC, a third party and two members of Le-Nature's management asserting claims arising under federal RICO laws. Three original purchasers of the debt also joined the action and asserted various tort claims, including fraud. On March 13, 2008 the North Carolina judge granted Defendants' motion to stay the North Carolina action and modified the injunction to allow the Defendants to attempt to assert claims in the New York action, which they have now done. Wachovia has appealed this decision to the North Carolina Court of Appeals. Wachovia has filed a motion to dismiss the New York action which remains pending; if that motion is granted, the North Carolina judge has indicated that he will revisit the stay order. On April 4, 2008, Le-Nature's Director of Accounting pled guilty to four felony counts in federal district court in Pittsburgh, including one count of bank fraud for defrauding Wachovia. On April 28, 2008 holders of Le-Nature's Senior Subordinated Notes, an offering which was underwritten by Wachovia in June 2003, sued in state court in California alleging various fraud claims relating to that offering. Wachovia itself was victimized by the Le-Nature's fraud, and will pursue its rights against Le-Nature's and defend its interests vigorously in all litigation.

Payment Processing Center. On February 17, 2006, the U.S. Attorney's Office for the Eastern District of Pennsylvania filed a civil fraud complaint against a former Wachovia Bank, N.A. customer, Payment Processing Center ("PPC"). PPC was a third party payment processor for telemarketing and catalogue companies. On April 12, 2007, a civil class action, *Faloney et al. v. Wachovia,* was filed against Wachovia in the U.S. District Court for the Eastern District of Pennsylvania by a putative class of consumers who made purchases through telemarketer customers of PPC. The suit alleges that between April 1, 2005 and February 21, 2006, Wachovia conspired with PPC to facilitate PPC's purported violation of RICO. On February 15, 2008, a second putative class action, *Harrison v. Wachovia,* was filed in the U.S. District Court for the Eastern District of Pennsylvania by a putative class of consumers who made purchases through telemarketing customers of three other third party payment processors which banked with Wachovia. This suit alleges that Wachovia conspired with these payment processors to facilitate purported violations of RICO. On April 24, 2008, Wachovia and the Office of the Comptroller of the Currency ("OCC") entered into an Agreement to resolve the OCC's investigation into Wachovia's relationship with PPC and three other companies. The Agreement provides, among other things, that (i) Wachovia will provide restitution to consumers, (ii) will create a segregated account in the amount of $125 million to cover the estimated maximum cost of the restitution, (iii) will fund organizations that provide education for consumers over a two year period in the amount of $8.9 million, (iv) will make various changes to its policies and procedures related to customers that use remotely created checks and (v) will appoint a special Compliance Committee to oversee compliance with the Agreement. Wachovia and the OCC also entered into a Consent Order for Payment of a Civil Money Penalty whereby Wachovia, without admitting or denying the allegations contained therein, agreed to payment of a $10 million civil money penalty. Wachovia is cooperating with government officials and is vigorously defending the civil lawsuits.

Municipal Derivatives Bid Practices Investigation. The Department of Justice ("DOJ") and the SEC, beginning in November 2006, have been requesting information from a number of financial institutions, including Wachovia Bank, N.A.'s municipal derivatives group, generally with regard to competitive bid practices in the municipal derivative markets. In connection with these inquiries, Wachovia Bank, N.A. has received subpoenas from both the DOJ and SEC seeking documents and information. The DOJ and the SEC have advised Wachovia Bank, N.A. that they believe certain of its employees engaged in improper conduct in conjunction with certain competitively bid transactions and, in November 2007, the DOJ notified two Wachovia Bank, N.A. employees, both of whom are on administrative leave, that they are regarded as targets of the DOJ's investigation. Wachovia Bank, N.A. has been cooperating and continues to fully cooperate with the government investigations. In addition, Wachovia Bank N.A. and other financial institutions

have been named as defendants in four substantially identical purported class actions filed in different U.S. District Courts. The complaints allege that Wachovia Bank, N.A. and various co-defendant financial institutions engaged in an anti-competitive conspiracy regarding bids for municipal derivatives (including Guaranteed Investment Contracts) sold to issuers of municipal bonds. All the complaints assert claims for violations of Section 1 of the Sherman Act, and one complaint also asserts a claim for unjust enrichment. The defendants have filed motions to consolidate these actions into one proceeding. Wachovia intends to vigorously defend its rights in these actions.

Auction Rate Securities. Since February 2008 the auctions which set the rates for most auction rate securities have failed resulting in a lack of liquidity for these auction rate securities. Wachovia Securities, LLC and affiliated firms have received inquiries and subpoenas from the SEC and several state regulators requesting information concerning the underwriting, sale and subsequent auctions of municipal auction rate securities and auction rate preferred securities. Further review and inquiry is anticipated by the regulatory authorities and Wachovia will cooperate fully. Wachovia and Wachovia Securities, LLC have been named in a civil suit captioned *Judy M. Waldman Trustee v. Wachovia Corporation and Wachovia Securities LLC* filed March 19, 2008 in the United States District Court for the Southern District of New York. The suit seeks class action status for customers who purchased and continue to hold auction rate securities based upon alleged misrepresentations made with respect to the quality, risk and characteristics of auction rate securities. Wachovia intends to vigorously defend the civil litigation.

Other Regulatory Matters and Government Investigations. In the course of its banking and financial services businesses, Wachovia and its affiliates are subject to information requests and investigations by governmental and self-regulatory authorities. These authorities have instituted numerous ongoing investigations of various practices in the banking, securities and mutual fund industries, including those discussed in Wachovia's previous filings with the SEC and those relating to anti-money laundering, sales practices, record retention and other laws and regulations involving our customers and their accounts.

In general, the investigations cover advisory companies to mutual funds, broker-dealers, hedge funds and others and may involve the activities of customers or third parties with respect to accounts maintained by Wachovia or transactions in which Wachovia may be involved. Wachovia has received subpoenas and other requests for documents and testimony relating to the investigations, is endeavoring to comply with those requests, is cooperating with the investigations, and where appropriate, is engaging in discussions to resolve the investigations or take other remedial actions. These investigations include an investigation being conducted by the U.S. Attorney's Office for the Southern District of Florida into, among other matters, Wachovia's correspondent banking relationship with certain non-domestic exchange houses and Bank Secrecy Act and anti-money laundering compliance. In November 2007, Wachovia determined that it would stop providing correspondent banking services to non-domestic exchange houses and licensed foreign remittance companies. Wachovia is producing documents and is cooperating fully with the U.S. Attorney's Office's investigation.

Outlook. Based on information currently available, advice of counsel, available insurance coverage and established reserves, Wachovia believes that the eventual outcome of the actions against Wachovia and/or its subsidiaries, including the matters described above, will not, individually or in the aggregate, have a material adverse effect on Wachovia's consolidated financial position or results of operations. However, in the event of unexpected future developments, it is possible that the ultimate resolution of those matters, if unfavorable, may be material to Wachovia's results of operations for any particular period.

Legal Proceedings Section from 2nd Quarter 2008 10-Q filed 8/11/08 (Wachovia)

Adelphia Litigation. On July 17, 2008, the U.S. District Court for the Southern District of New York issued a ruling dismissing all of the creditors' committee and equity holders' committee bankruptcy-related claims.

Le-Nature's, Inc. The U.S. Bankruptcy Court confirmed Le-Nature's Plan of Reorganization and it became effective on July 28, 2008. Such plan includes the appointment of a liquidation trustee, who could bring claims on behalf of the estate against Wachovia and other third parties.

Municipal Derivatives Bid Practices Investigation. Wachovia Bank, N.A. has been informed that in connection with the bidding of various financial instruments associated with municipal securities, the Staff of the Securities and Exchange Commission is considering recommending that the Commission institute civil and/or administrative proceedings

against Wachovia Bank, N.A. In addition, Wachovia has received subpoenas from various states attorneys general regarding these matters. Wachovia Bank, N.A. is cooperating with the government investigations. Four previously disclosed purported private class actions have been assigned to the Southern District of New York for consolidated pre-trial proceedings. Two additional complaints were recently filed in California state court asserting claims similar to those in the purported class actions, along with claims under California law.

Golden West and Related Litigation. A purported securities class action, *Lipetz v. Wachovia Corporation, et al.*, has been filed in the U.S. District Court for the Southern District of New York by purported Wachovia shareholders alleging violations of Sections 10 and 20 of the Securities Exchange Act of 1934. Among other allegations, plaintiffs allege Wachovia's common stock price was artificially inflated as a result of allegedly misleading disclosures relating to the Golden West Financial Corp. ("Golden West") mortgage portfolio, Wachovia's exposure to other mortgage related products such as collateralized debt obligations ("CDOs"), control issues and auction rate securities.

A purported class action, *Miller, et al. v. Wachovia Corporation, et al.*, has been filed against Wachovia, its board of directors and certain senior officers in the New York Supreme Court for the County of Nassau, since removed by Wachovia to the U.S. District Court for the Eastern District of New York, relating to Wachovia's May 2007 issuance of trust preferred securities. The plaintiffs allege violations of Sections 11, 12 and 15 of the Securities Act of 1933 as a result of allegedly misleading disclosures relating to the Golden West mortgage portfolio. Seven purported class actions have been filed against Wachovia, its board of directors and certain senior officers in the U.S. District Court for the Southern District of New York on behalf of Wachovia employees who held shares of Wachovia common stock in their Wachovia Savings Plan accounts. The plaintiffs allege breach of fiduciary duty under ERISA, among other things, claiming that the defendants should not have permitted Wachovia common stock to remain an investment option in the Savings Plan because alleged misleading disclosures relating to the Golden West mortgage portfolio, exposure to CDOs and other problem loans, and other alleged misstatements made its stock a risky and imprudent investment for employee retirement accounts. In addition, several purported shareholders have submitted notices that they may initiate, and one purported shareholder has filed a complaint, *Estate of Joseph Romain v. Wachovia Corporation, et al.*, in the U.S. District Court for the Southern District of New York initiating, shareholder derivative claims alleging breaches of fiduciary duty against Wachovia's board of directors and various senior officers arising out of various alleged failures of controls relating to its disclosures regarding the Golden West mortgage portfolio, CDOs, and other alleged control issues involving anti-money laundering, bank owned life insurance, auction rate securities, municipal derivatives bid practices and the previously disclosed settlement with the OCC in the *Payment Processing Center* matter. These matters are in a preliminary stage. Wachovia intends to defend vigorously each such case.

Auction Rate Securities. Wachovia is engaged in active settlement discussions with various state regulators and the SEC of ongoing investigations concerning the underwriting, sale and subsequent auctions of certain auction rate securities by Wachovia Securities, LLC, and Wachovia Capital Markets, LLC, including the likelihood of liquidity solutions. See also "Management's Discussion & Analysis" in the Financial Supplement contained in Exhibit (19) to this Report.

Outlook. Based on information currently available, advice of counsel, available insurance coverage and established reserves, Wachovia believes that the eventual outcome of the actions against Wachovia and/or its subsidiaries, including the matters described above, will not, individually or in the aggregate, have a material adverse effect on Wachovia's consolidated financial position or results of operations. However, in the event of unexpected future developments, it is possible that the ultimate resolution of those matters, if unfavorable, may be material to Wachovia's results of operations for any particular period.

8-K August 15, 2008 (Wachovia)

Terms of the agreement in principle include the following:

- Wachovia will offer to purchase at par ARS held by all individuals, charities and religious organizations, as well as ARS held by small and medium-sized businesses with account values and household values of $10 million or less, that were purchased at Wachovia on or before Feb. 13, 2008. These purchases will commence no later than November 10, 2008, and conclude no later than Nov. 28, 2008, for clients who accept this offer. ARS that are the subject of functioning auctions will not be eligible for purchase.

- Wachovia will offer to purchase at par ARS held by all other clients that were purchased at Wachovia on or before Feb. 13, 2008. These purchases will commence no later than June 10, 2009, for clients who accept this offer and conclude no later than June 30, 2009. ARS that are the subject of functioning auctions will not be eligible for purchase.
- Wachovia will also reimburse investors who can reasonably be identified and who would have been covered by the offer but who sold their ARS below par, between Feb. 13, 2008, and the date of entry of the settlement, for the difference between par and the price at which the investor sold the ARS. The reimbursement will be made by Nov. 28, 2008.
- In addition to Wachovia's offer to purchase ARS from clients, Wachovia will offer loans to affected clients in need of liquidity until the ARS repurchases occur.
- Wachovia will refund refinancing fees to municipal ARS issuers who issued ARS in the initial primary market between Aug. 1, 2007, and Feb. 13, 2008, and refinanced those securities after Feb. 13, 2008.
- Wachovia will pay a total fine of $50 million to the state regulatory agencies, which will be distributed to the States as determined by the North American Securities Administrators Association and the State of New York.
- Wachovia neither admits nor denies allegations of wrongdoing.

As previously disclosed in Wachovia's Second Quarter Report on Form 10-Q filed with the Securities and Exchange Commission on Aug. 11, 2008, in connection with the expectation of a potential settlement of ARS matters, Wachovia recorded a $500 million pre-tax increase to legal reserves, including amounts reserved for estimated market valuation losses on affected ARS, for the second quarter of 2008, based on estimates and assumptions at the time of the filing. Based on the terms of today's agreement in principle, the timing and currently estimated amounts of ARS to be purchased in the offer, current market conditions, expected future redemptions, and expected sales by Wachovia to third parties of a portion of ARS to be purchased in the offer, Wachovia currently expects to record a further $275 million pre-tax increase to legal reserves in the third quarter of 2008. Wachovia also currently expects that its Tier 1 capital ratio will decrease by approximately 8 basis points in the third quarter 2008, reflecting the additional increase in legal reserves and the capital impact of the offers. Wachovia does not currently expect that the purchase of ARS under the agreement in principle will have a material effect on capital, liquidity or overall financial results through expected maturities or redemptions of the ARS purchased, or alter Wachovia's previously announced focus on improving its Tier 1 capital ratio.

Wachovia currently estimates that the par value of ARS currently outstanding and eligible for purchase under the above offers totals approximately $8.5 billion. Following the purchases of ARS by Wachovia pursuant to the offers, and based on expected future redemptions and the expected sales of ARS to third parties described

Legal Proceedings Section from 3rd Quarter 2008 10-Q filed 10/30/08 (Wachovia)

Le Nature's, Inc. On August 26, 2008, the U.S. District Court dismissed the case pending against Wachovia in the Southern District of New York. Plaintiffs have appealed that ruling. Plaintiffs also filed a case asserting similar allegations in the New York State Supreme Court for the County of Manhattan; Wachovia has filed a motion to stay this case pending final resolution of the federal action. In addition, the Bondholder case filed against Wachovia in California has been transferred by the U.S. District Court for the Northern District of California to the U.S. District Court for the Western District of Pennsylvania.

Interchange Litigation. On October 14, 2008, Visa announced an agreement in principle to settle litigation commenced by Discover Card against it. Wachovia has certain obligations to Visa as a member bank and in connection with its previously disclosed Loss Sharing agreement with Visa. Wachovia has fully reserved for these obligations.

Payment Processing Center. On August 14, 2008, Wachovia reached agreements to settle the Faloney and Harrison class action lawsuits. The settlements have received preliminary approval from the U.S. District Court for the Eastern District of Pennsylvania, with a fairness hearing scheduled for January 2009.

Municipal Derivatives Bid Practices Investigation. Wachovia, along with numerous other financial institutions, has received a number of additional civil complaints from various municipalities filed in various state and federal courts. A number of the federal cases are in the process of being consolidated through the Multi-District Litigation procedures.

Auction Rate Securities. On August 15, 2008, Wachovia announced it had reached settlements in principle with the Secretary of State for the State of Missouri (as the lead state in the North American Securities Administrators Association task force investigating the marketing and sale of auction rate securities), with the New York State Attorney General's Office and with the SEC of their respective investigations of sales practice and other issues related to the sales of auction rate securities ("ARS") by certain affiliates and subsidiaries of Wachovia. Without admitting or denying liability, the agreements in principle require that Wachovia purchase certain ARS sold to customers in accounts at Wachovia, reimburse investors who sold ARS purchased at Wachovia for less than par, provide liquidity loans to customers at no net interest until the ARS are repurchased, offer to participate in special arbitration procedures with customers who claim consequential damages from the lack of liquidity in ARS and refund refinancing fees to certain municipal issuers who issued ARS and later refinanced those securities through Wachovia. Wachovia, without admitting or denying liability, will also pay a total fine of $50 million to the state regulatory agencies and agree to entry of consent orders by the two state regulators and an injunction by the SEC. Wachovia intends to begin buying back the ARS in November 2008. In addition, Wachovia is a defendant in three new purported civil class actions relating to its sale of ARS.

Baytide Petroleum v. Wachovia Securities, LLC, et al. was filed in the U.S. District Court for the Northern District of Oklahoma. The other two cases, Mayfield v. Wachovia Securities, LLC, et al. and Mayor and City of Baltimore v. Wachovia Securities, LLC, et al., were both filed in the U.S. District Court for the Southern District of New York and allege identical antitrust related claims.
Golden West and Related Litigation. On October 14, 2008, the New York City Pension Funds was named the lead plaintiff in the Lipetz matter and an order is in place setting the timeframe for filing an amended complaint and response thereto. The plaintiff in Estate of Romain voluntarily dismissed its shareholder derivative case against Wachovia. A new shareholder derivative case, Arace v Wachovia Corporation, et al., was filed on September 10, 2008, in the U.S. District Court for the Southern District of New York.

Evergreen Ultra Short Opportunities Fund (the "Fund") Investigation. The SEC and the Secretary of the Commonwealth, Securities Division, of the Commonwealth of Massachusetts are conducting separate investigations of Evergreen Investment Management Company, LLC ("EIMCO") and Evergreen Investment Services, Inc. ("EIS") concerning alleged issues surrounding the drop in net asset value of the Fund in May and June 2008. In addition, various Evergreen entities are defendants in three purported class actions, Keefe v. EIMCO , et al.; Krantzberg v. Evergreen Fixed Income Trust, et al.; and Mierzwinski v. EIMCO , et al., all filed in the U.S. District Court for the District of Massachusetts and related to the same events. The cases generally allege that investors in the Fund suffered losses as a result of (i) misleading statements in the Fund's prospectus, (ii) the failure to accurately price securities in the Fund at different points in time and (iii) the failure of the Fund's risk disclosures and description of its investment strategy to inform investors adequately of the actual risks of the fund.

Merger Related Litigation. On October 4, 2008, Citigroup, Inc. ("Citigroup") purported to commence an action in the Supreme Court in the State of New York captioned Citigroup, Inc. v. Wachovia Corp., et al., naming as defendants Wachovia, Wells Fargo, and the directors of both companies. The complaint alleged that Wachovia breached an exclusivity agreement with Citigroup, which by its terms was to expire on October 6, 2008, by entering into negotiations and an eventual acquisition agreement with Wells Fargo, and that Wells Fargo and the individual defendants had tortiously interfered with the same contract. In the complaint, Citigroup seeks $20 billion in compensatory damages and $40 billion in punitive damages. After significant procedural activity over the week of October 4-9, including a voluntary dismissal and re-filing of the action in amended form, the case was removed on October 9 to the U.S. District Court for the Southern District of New York. On October 10, Citigroup filed a motion to remand the case to the New York state court, and filed a new proposed amended complaint. The proposed amended complaint includes claims for breach of contract, tortious interference with contract, unjust enrichment, promissory estoppel, and quantum meruit. In the proposed amended complaint, which the court has not yet approved, Citigroup

seeks $20 billion in compensatory damages, $20 billion in restitutionary and unjust enrichment damages, and $40 billion in punitive damages. On October 24, Wachovia and Wells Fargo filed a joint response to the motion to remand. On October 4, 2008, Wachovia filed a complaint in the U. S. District Court for the Southern District of New York, captioned Wachovia Corp. v. Citigroup, Inc. The complaint seeks declaratory relief, stating that the Wells Fargo merger agreement is valid, proper, and not prohibited by the exclusivity agreement. On October 5, Wachovia filed a motion for a preliminary injunction seeking to prevent Citigroup from interfering with or impeding its merger with Wells Fargo. On October9, 2008, Citigroup issued a press release stating that Citigroup would no longer seek to enjoin the merger, but would continue to seek compensatory and punitive damages against Wachovia and Wells Fargo. On October 14, 2008, Wells Fargo filed a related complaint in the U. S. District Court for the Southern District of New York, captioned Wells Fargo v. Citigroup, Inc. The complaint seeks declaratory and injunctive relief, stating that the Wells Fargo merger agreement is valid, proper, and not prohibited by the exclusivity agreement. Citigroup has moved to dismiss the complaint. On October 8, 2008, a purported class action complaint captioned Irving Ehrenhaus v. John D. Baker, et al., was filed in the Superior Court for the County of Mecklenburg in the State of North Carolina. The complaint names as defendants Wachovia, Wells Fargo, and the directors of Wachovia. The complaint alleges that the Wachovia directors breached their fiduciary duties in approving the merger with Wells Fargo at an allegedly inadequate price, and that the Wells Fargo directors aided and abetted the alleged breaches of fiduciary duty. The action seeks to enjoin the Wells Fargo merger, or to recover compensatory or rescissory damages if the merger is consummated, as well as an award of attorneys' fees and costs. Plaintiffs have asked the Court for expedited discovery and to set a hearing date for a preliminary injunction motion to enjoin the shareholder vote and the closing of the transaction.

Data Treasury Litigation. Wachovia Bank, N.A. and Wachovia Corporation are among over 55 defendants named in two actions asserting patent infringement claims filed by Data Treasury Corporation in the U.S. District Court for the Eastern District of Texas. Data Treasury seeks a declaration that its patents are valid and have been infringed, and seeks damages and permanent injunctive relief. One of the cases is stayed pending re-examination of the patents by the U.S. Patent Office and the other case is currently in discovery.

Outlook. Based on information currently available, advice of counsel, available insurance coverage and established reserves, Wachovia believes that the eventual outcome of the actions against Wachovia and/or its subsidiaries, including the matters described above, will not, individually or in the aggregate, have a material adverse effect on Wachovia's consolidated financial position or results of operations. However, in the event of unexpected future developments, it is possible that the ultimate resolution of those matters, if unfavorable, may be material to Wachovia's results of operations for any particular period.

FORM 10-K WELLS FARGO & COMPANY- Filed February 27, 2009 (Wells)

ITEM 3. LEGAL PROCEEDINGS

Information in response to this Item 3 can be found in the 2008 Annual Report to Stockholders under "Financial Statements – Notes to Financial Statements – Note 15 (Guarantees and Legal Actions)" on pages 128-131. That information is incorporated into this report by reference.

NOTE 15 WELLS FARGO & COMPANY 2008 ANNUAL REPORT: (Wells)

Legal Actions

Wells Fargo and certain of our subsidiaries are involved in a number of judicial, regulatory and arbitration proceedings concerning matters arising from the conduct of our business activities. These proceedings include actions brought against Wells Fargo and/or our subsidiaries with respect to corporate related matters and transactions in which Wells Fargo and/or our subsidiaries were involved. In addition, Wells Fargo and our subsidiaries may be requested to provide information or otherwise cooperate with governmental authorities in the conduct of investigations of other persons or industry groups. Although there can be no assurance as to the ultimate outcome, Wells Fargo and/or our subsidiaries have generally denied, or believe we have a meritorious defense and will deny, liability in all significant litigation pending against us, including the matters described below, and we intend to defend vigorously each case, other than matters we describe as having settled. Reserves are established for legal claims when payments associated with the claims become probable and the costs can be reasonably estimated. The actual costs of resolving legal claims may be substantially higher or lower than the amounts reserved for those claims.

ADELPHIA LITIGATION Wachovia Bank, N.A. and Wachovia Capital Markets, LLC, are defendants in an adversary proceeding previously pending in the United States Bankruptcy Court for the Southern District of New York related to the bankruptcy of Adelphia Communications Corporation (Adelphia). The Official Committee of Unsecured Creditors in Adelphia's bankruptcy case filed the claims; the current plaintiff is the Adelphia Recovery Trust, which was substituted as the plaintiff pursuant to Adelphia's confirmed plan of reorganization. In February 2006, an order was entered moving the case to the United States District Court for the Southern District of New York. The complaint asserts claims against the defendants under state law, bankruptcy law and the Bank Holding Company Act and seeks equitable relief and an unspecified amount of compensatory and punitive damages. On June 11, 2007, the Bankruptcy Court granted in part and denied in part the motions to dismiss filed by the two Wachovia entities and other defendants. On January 17, 2008, the District Court affirmed the decision of the Bankruptcy Court on the motion dismiss with the exception that it dismissed one additional claim. On July 17, 2008, the District Court issued a ruling dismissing all of the bankruptcy related claims. The remaining claims essentially allege the banks should be liable to Adelphia on theories of aiding and abetting a breach of fiduciary duty and violation of the Bank Holding Company Act. The case is now in discovery.

AUCTION RATE SECURITIES On August 15, 2008, Wachovia Securities, LLC and Wachovia Capital Markets, LLC (collectively the Wachovia Securities Affiliates) announced they had reached settlements in principle with the Secretary of State for the State of Missouri (as the lead state in the North American Securities Administrators Association task force investigating the marketing and sale of auction rate securities), and with the New York State Attorney General's Office of their respective investigations of sales practice and other issues related to the sales of auction rate securities (ARS). Wachovia Securities also announced a settlement in principle with the Securities and Exchange Commission (SEC) of its similar investigation. Without admitting or denying liability, the agreements in principle require that the Wachovia Securities Affiliates purchase certain ARS sold to customers in accounts at the Wachovia Securities Affiliates, reimburse investors who sold ARS purchased at the Wachovia Securities Affiliates for less than par, provide liquidity loans to customers at no net interest until the ARS are repurchased, offer to participate in special arbitration procedures with customers who claim consequential damages from the lack of liquidity in ARS and refund refinancing fees to certain municipal issuers who issued ARS and later refinanced those securities through the Wachovia Securities Affiliates. Without admitting or denying liability, the Wachovia Securities Affiliates will also pay a total fine of $50 million to the state regulatory agencies and agreed to entry of consent orders by the two state regulators and Wachovia Securities, LLC agreed to entry of an injunction by the SEC. All three settlements in principle have been finalized. The Wachovia Securities Affiliates began the buy back of ARS in November 2008. The second and final phase of the buy back will take place in June 2009. Wells Fargo Investments, LLC (WFI), Wells Fargo Brokerage Services, LLC, and Wells Fargo Institutional Securities, LLC are engaged in discussions with regulators concerning the sale of ARS. On November 20, 2008, the State of Washington Department of Financial Institutions filed a proceeding entitled *In the Matter of determining whether there has been a violation of the Securities Act of Washington by: Wells Fargo Investments, LLC; Wells Fargo Brokerage Services, LLC; and Wells Fargo Institutional Securities, LLC*. The action seeks a cease and desist order against violations of the anti-fraud and suitability provisions of the Washington Securities Act. In addition, several purported civil class actions relating to the sale of ARS are currently pending against various Wells Fargo affiliated defendants.

DATA TREASURY LITIGATION Wells Fargo & Company, Wells Fargo Bank, N.A., Wachovia Bank, N.A. and Wachovia Corporation are among over 55 defendants named in two actions asserting patent infringement claims filed by Data Treasury Corporation in the U.S. District Court for the Eastern District of Texas. Data Treasury seeks a declaration that its patents are valid and have been infringed, and seeks damages and permanent injunctive relief. The cases are currently in discovery.

ELAVON LITIGATION On January 16, 2009, Elavon, Inc., a provider of merchant processing services, filed a complaint in the U.S. District Court for the Northern District of Georgia against Wachovia Corporation, Wachovia Bank, N.A., Wells Fargo & Company, and Wells Fargo Bank, N.A. The complaint seeks equitable relief, including specific performance, and damages for Wachovia Bank's allegedly wrongful termination of its merchant referral contract with Elavon. The complaint also seeks damages, including punitive damages, against the Wells Fargo entities for tortious interference with contractual relations.

ERISA LITIGATION Seven purported class actions have been filed against Wachovia Corporation, its board of directors and certain senior officers in the U.S. District Court for the Southern District of New York on behalf of employees of Wachovia Corporation and its affiliates who held shares of Wachovia Corporation common stock in their Wachovia Savings Plan accounts. The plaintiffs allege breach of fiduciary duty under ERISA, among other things,

claiming that the defendants should not have permitted Wachovia Corporation common stock to remain an investment option in the Savings Plan because alleged misleading disclosures relating to the Golden West mortgage portfolio, exposure to CDOs and other problem loans, and other alleged misstatements made its stock a risky and imprudent investment for employee retirement accounts.

GOLDEN WEST AND RELATED LITIGATION A purported securities class action, *Lipetz v. Wachovia Corporation, et al.*, was filed on July 7, 2008, in the U.S. District Court for the Southern District of New York by purported Wachovia Corporation shareholders alleging violations of Sections 10 and 20 of the Securities Exchange Act of 1934. An amended complaint was filed on December 15, 2008. Among other allegations, plaintiffs allege Wachovia Corporation's common stock price was artificially inflated as a result of allegedly misleading disclosures relating to the Golden West Financial Corp. (Golden West) mortgage portfolio, Wachovia Corporation's exposure to other mortgage related products such as CDOs, control issues and auction rate securities. The defendants have until February 27, 2009, to respond to the complaint. A purported class action, *Miller, et al. v. Wachovia Corporation, et al.*, was filed on January 31, 2008, against Wachovia Corporation, its board of directors and certain senior officers in the New York Supreme Court for the County of Nassau, relating to Wachovia Corporation's May 2007 issuance of trust preferred securities. The plaintiffs allege violations of Sections 11, 12 and 15 of the Securities Act of 1933 as a result of allegedly misleading disclosures relating to the Golden West mortgage portfolio. Wachovia Corporation removed the case to the U.S. District Court for the Eastern District of New York. On January 16, 2009, the case was voluntarily dismissed by the plaintiff and, on the same day, was refiled in the Superior Court of the State of California, Alameda County. A similar case, *Swiskay v Wachovia Corporation, et al.*, was filed on December 19, 2008, in the same court. The *Swiskay* case is essentially identical to the *Miller* case except it includes allegations relating to additional Wachovia preferred offerings. On January 21, 2009, a third case, *Orange County Employees' Retirement System, et al. v. Wachovia Corporation, et al.*, was also filed in the same California Superior Court on behalf of Orange County Employees' Retirement System and others. The complaint contains similar allegations to the *Miller* and *Swiskay* cases, except it includes some additional individuals and non-affiliated entities as defendants and adds claims relating to additional issuances of preferred stock and debt securities. Wells Fargo will file appropriate venue and other motions in response to these actions. Several government agencies are investigating matters similar to the issues raised in this litigation. Wells Fargo and its affiliates are cooperating fully.

INTERCHANGE LITIGATION Wells Fargo Bank, N.A., Wells Fargo & Company, Wachovia Bank, N.A. and Wachovia Corporation are named as defendants, separately or in combination, in putative class actions filed on behalf of a plaintiff class of merchants and individual actions brought by individual merchants with regard to the interchange fees associated with Visa and MasterCard payment card transactions. These actions have been consolidated in the United States District Court for the Eastern District of New York. Visa, MasterCard and several banks and bank holding companies are named as defendants in various of these actions. The amended and consolidated complaint asserts claims against defendants based on alleged violations of federal and state antitrust laws and seeks damages, as well as injunctive relief. Plaintiff merchants allege that Visa, MasterCard and their member banks unlawfully colluded to set interchange rates. Plaintiffs also allege that enforcement of certain Visa and MasterCard rules and alleged tying and bundling of services offered to merchants are anticompetitive. Wells Fargo and Wachovia, along with other members of Visa, are parties to Loss and Judgment Sharing Agreements, which provide that they, along with other member banks of Visa, will share, based on a formula, in any losses from certain litigation specified in the Agreements, including the Interchange Litigation.

LE-NATURE'S, INC. Wachovia Bank, N.A. is the administrative agent on a $285 million credit facility extended to Le-Nature's, Inc. in September 2006, of which approximately $270 million was syndicated to other lenders by Wachovia Capital Markets, LLC. Le-Nature's was the subject of a Chapter 7 bankruptcy petition which was converted to a Chapter 11 bankruptcy petition in November 2006 in the U.S. Bankruptcy Court for the Western District of Pennsylvania. The filing was precipitated by an apparent fraud relating to Le-Nature's financial condition. On March 14, 2007, the two Wachovia entities filed an action against several hedge funds in the Superior Court for the State of North Carolina, Mecklenburg County, alleging that the hedge fund defendants had acquired a significant quantity of the outstanding debt with full knowledge of Le-Nature's fraud and with the intention of pursuing alleged fraud and other tort claims against the two Wachovia entities purportedly related to their role in Le-Nature's credit facility. A preliminary injunction was entered by the Court that, among other things, prohibited defendants from asserting any such claims in any other forum. On September 18, 2007, these defendants filed an action in the U.S. District Court for the Southern District of New York against Wachovia Capital Markets, a third party and two members of Le-Nature's management asserting claims arising under federal RICO laws. On March 13, 2008, the North Carolina judge granted Defendants' motion to stay the North Carolina action and modified the injunction to allow the Defendants to attempt

to assert claims in the New York action. The Wachovia entities have appealed. Wachovia Capital Markets filed a motion to dismiss the New York action which was granted on August 26, 2008. Plaintiffs have appealed that ruling. Plaintiffs subsequently filed a case asserting similar allegations in the New York State Supreme Court for the County of Manhattan. On April 28, 2008, holders of Le-Nature's Senior Subordinated Notes, an offering which was underwritten by Wachovia Capital Markets in June 2003, sued alleging various fraud claims; this case is pending in the U.S. District Court for the Western District of Pennsylvania. On October 30, 2008, the liquidation trust in Le-Nature's bankruptcy filed suit against a number of individuals and entities, including Wachovia Capital Markets, LLC, and Wachovia Bank, N.A., in the U.S. District Court for the Western District of Pennsylvania, asserting a variety of claims on behalf of the estate.

MERGER RELATED LITIGATION On October 4, 2008, Citigroup, Inc. (Citigroup) purported to commence an action in the Supreme Court of the State of New York for the County of Manhattan, captioned *Citigroup, Inc. v. Wachovia Corp., et al.*, naming as defendants Wachovia Corporation (Wachovia), Wells Fargo & Company (Wells Fargo), and the directors of both companies. The complaint alleged that Wachovia Corporation breached an exclusivity agreement with Citigroup, which by its terms was to expire on October 6, 2008, by entering into negotiations and an eventual acquisition agreement with Wells Fargo, and that Wells Fargo and the individual defendants had tortiously interfered with the same contract. In the complaint, Citigroup seeks $20 billion in compensatory damages and $40 billion in punitive damages. After significant procedural activity over the week of October 4-9, 2008, including a voluntary dismissal and re-filing of the action in amended form, the case was removed on October 9, 2008, to the U.S. District Court for the Southern District of New York. On October 10, 2008, Citigroup filed a motion to remand the case to the New York state court, and filed a new proposed amended complaint. The proposed amended complaint includes claims for breach of contract, tortious interference with contract, unjust enrichment, promissory estoppel, and quantum meruit. In the proposed amended complaint, which the court has not yet approved, Citigroup seeks $20 billion in compensatory damages, $20 billion in restitutionary and unjust enrichment damages, and $40 billion in punitive damages. On October 24, 2008, Wachovia Corporation and Wells Fargo filed a join response to the motion to remand. On October 4, 2008, Wachovia Corporation filed a complaint in the U.S. District Court for the Southern District of New York, captioned *Wachovia Corp. v. Citigroup, Inc.* The complaint seeks declaratory relief, stating that the Wells Fargo merger agreement is valid, proper, and not prohibited by the exclusivity agreement. On October 5, 2008, Wachovia filed a motion for a preliminary injunction seeking to prevent Citigroup from interfering with or impeding its merger with Wells Fargo. On October 9, 2008, Citigroup issued a press release stating that Citigroup would no longer seek to enjoin the merger, but would continue to seek compensatory and punitive damages against Wachovia Corporation and Wells Fargo. On October 14, 2008, Wells Fargo filed a related complaint in the U.S. District Court for the Southern District of New York, captioned *Wells Fargo v. Citigroup, Inc.* The complaint seeks declaratory and injunctive relief, stating that the Wells Fargo merger agreement is valid, proper, and not prohibited by the exclusivity agreement. Citigroup has moved to dismiss the complaint. The cases have been assigned to the same judge for further proceedings.

MUNICIPAL DERIVATIVES BID PRACTICES INVESTIGATION The Department of Justice (DOJ) and the SEC, beginning in November 2006, have been requesting information from a number of financial institutions, including Wachovia Bank, N.A.'s municipal derivatives group, generally with regard to competitive bid practices in the municipal derivative markets. In connection with these inquiries, Wachovia Bank has received subpoenas from both the DOJ and SEC as well as requests from the OCC and several states seeking documents and information. The DOJ and the SEC have advised Wachovia Bank that they believe certain of its employees engaged in improper conduct in conjunction with certain competitively bid transactions and, in November 2007, the DOJ notified two Wachovia Bank employees, both of whom have since been terminated, that they are regarded as targets of the DOJ's investigation. Wachovia Bank has been cooperating and continues to fully cooperate with the government investigations.

Wachovia Bank, along with a number of other banks and financial services companies, has also been named as a defendant in a number of substantially identical purported class actions, filed in various state and federal courts by various municipalities alleging they have been damaged by the activity which is the subject of the governmental investigations. A number of the federal matters have been consolidated for pre trial proceedings.

PAYMENT PROCESSING CENTER On February 17, 2006, the U.S. Attorney's Office for the Eastern District of Pennsylvania filed a civil fraud complaint against a former Wachovia Bank, N.A. customer, Payment Processing Center (PPC). PPC was a third party payment processor for telemarketing and catalogue companies. On April 12, 2007, a civil class action, *Faloney et al. v. Wachovia Bank, N.A.*, was filed against Wachovia Bank in the U.S. District Court for the Eastern District of Pennsylvania by a putative class of consumers who made purchases through telemarketer

customers of PPC. The suit alleges that between April 1, 2005 and February 21, 2006, Wachovia Bank conspired with PPC to facilitate PPC's purported violation of RICO. On February 15, 2008, a second putative class action, *Harrison v. Wachovia Bank, N.A.*, was filed in the U.S. District Court for the Eastern District of Pennsylvania by a putative class of consumers who made purchases through telemarketing customers of three other third party payment processors which banked with Wachovia Bank. This suit alleges that Wachovia Bank conspired with these payment processors to facilitate purported violations of RICO. On April 24, 2008, Wachovia and the Office of the Comptroller of the Currency (OCC) entered into an Agreement to resolve the OCC's investigation into Wachovia's relationship with PPC and three other companies. The Agreement provides, among other things, that (i) Wachovia will provide restitution to consumers, (ii) will create a segregated account in the amount of $125 million to cover the estimated maximum cost of the restitution, (iii) will fund organizations that provide education for consumers over a two year period in the amount of $8.9 million, (iv) will make various changes to its policies and procedures related to customers that use remotely created checks and (v) will appoint a special Compliance Committee to oversee compliance with the Agreement. Wachovia Bank and the OCC also entered into a Consent Order for Payment of a Civil Money Penalty whereby Wachovia, without admitting or denying the allegations contained therein, agreed to payment of a $10 million civil money penalty. The OCC Agreement was amended on December 8, 2008, to provide for direct restitution payments and those payments were mailed to consumers on December 11, 2008. Wachovia Bank is cooperating with government officials to administer the OCC settlement and in their further inquiries.

On August 14, 2008, Wachovia Bank reached agreements to settle the *Faloney* and *Harrison* class action lawsuits. The settlements received approval from the U.S. District Court for the Eastern District of Pennsylvania on January 23, 2009.

OTHER REGULATORY MATTERS AND GOVERNMENT INVESTIGATIONS In the course of its banking and financial services businesses, Wells Fargo and its affiliates are subject to information requests and investigations by governmental and self-regulatory authorities. These authorities have instituted various ongoing investigations of various practices in the banking, securities and mutual fund industries, including those relating to anti-money laundering, sales practices, record retention and other laws and regulations involving our customers and their accounts.

In general, the investigations cover advisory companies to mutual funds, broker-dealers, hedge funds and others and may involve the activities of customers or third parties with respect to accounts maintained by Wells Fargo affiliates or transactions in which Wells Fargo affiliates may be involved. Wells Fargo affiliates have received subpoenas and other requests for documents and testimony relating to the investigations, is endeavoring to comply with those requests, is cooperating with the investigations, and where appropriate, is engaging in discussions to resolve the investigations or take other remedial actions. These investigations include an investigation being conducted by the U.S. Attorney's Office for the Southern District of Florida into, among other matters, Wachovia Bank, N.A.'s correspondent banking relationship with certain non-domestic exchange houses and Bank Secrecy Act and anti-money laundering compliance. Wachovia Bank is cooperating fully with the U.S. Attorney's Office's investigation.

FORM 10-Q WELLS FARGO & COMPANY – Filed August 7, 2009 (Wells)
(For the quarterly period ended June 30, 2009)

Legal Actions

The following supplements and amends our discussion of certain matters previously reported in Item 3 (Legal Proceedings) of our 2008 Form 10-K for events occurring in the most recent quarter.

Auction Rate Securities On June 30, 2009, Wachovia completed the second, and final, phase of its buy back of qualifying securities as required in its regulatory settlements with the SEC and various state securities regulators.

ERISA Litigation On June 18, 2009, the U.S. District Court for the Southern District of New York entered a Memorandum and Order transferring these consolidated cases to the U.S. District Court for the Western District of North Carolina.

Golden West and Related Litigation On May 8, 2009 and on June 12, 2009, two additional cases (not class actions) containing allegations similar to the allegations in the *In re Wachovia Equity Securities Litigation,* and captioned, *Stichting Pensioenfonds ABP v. Wachovia Corp. et al. and FC Holdings AB, et al. v. Wachovia Corp., et al.,* respectively,

were filed in the U.S. District Court for the Southern District of New York. On June 22, 2009, the U.S. District Court for the Northern District of California entered an Order To Transfer Three Related Actions Pursuant To U.S.C. Section 1404(a) whereby the Court transferred the *Miller, et al. v. Wachovia Corporation, et al.; Swiskay, et al. v. Wachovia Corporation, et al.; and Orange County Employees' Retirement System, et al. v. Wachovia Corporation, et al.* cases to the U.S. District Court for the Southern District of New York.

Merger Related Litigation On July 13, 2009, the U.S. District Court for the Southern District of New York issued an Opinion and Order denying Citigroup's motion for partial judgment on the pleadings in the *Wachovia Corp. v. Citigroup, Inc.* case. The Court held that an Exclusivity Agreement, entered into between Citigroup and Wachovia on September 29, 2008, and which formed the basis for a substantial portion of the allegations of Citigroup's complaint against Wachovia and Wells Fargo, was void as against public policy by enactment of Section 126(c) of the Emergency Economic Stabilization Act on October 3, 2008.

Illinois Attorney General Litigation On July 31, 2009, the Attorney General for the State of Illinois filed a civil lawsuit against Wells Fargo & Company, Wells Fargo Bank, N.A. and Wells Fargo Financial Illinois, Inc. in the Circuit Court for Cook County, Illinois. The Illinois Attorney General alleges that the Wells Fargo defendants engaged in illegal discrimination by "reverse redlining" and by steering African- American and Latino customers into high cost, subprime mortgage loans while other borrowers with similar incomes received lower cost mortgages. Illinois also alleges that Wells Fargo Financial Illinois, Inc. misled Illinois customers about the terms of mortgage loans. Illinois' complaint against all Wells Fargo defendants is based on alleged violation of the Illinois Human Rights Act and the Illinois Fairness in Lending Act. The complaint also alleges that Wells Fargo Financial Illinois, Inc. violated the Illinois Consumer Fraud and Deceptive Business Practices Act and the Illinois Uniform Deceptive Trade Practices Act. Illinois' complaint seeks an injunction against the defendants' alleged violation of these Illinois statutes, restitution to consumers and civil money penalties.

FORM 10-Q WELLS FARGO & COMPANY – Filed November 6, 2009 (Wells)
(For the quarterly period ended October 30, 2009)

Item 1. Legal Proceedings

Legal Actions
The following supplements and amends our discussion of certain matters previously reported in Item 3 (Legal Proceedings) of our 2008 Form 10-K for events occurring in the most recent quarter.

Elavon On September 29, 2009, Elavon filed an amended complaint adding an additional party to the litigation. On October 13, 2009, the court entered an order granting the motion to dismiss of Wells Fargo & Company and Wells Fargo Bank, N.A. dismissing the tortious interference with contract and the punitive damages counts as against those entities.

Golden West and Related Litigation On September 15, 2009 and on September 25, 2009, two additional cases (not class actions) containing allegations similar to the allegations in the In re Wachovia Equity Securities Litigation, and captioned, Deka Investment GmbH v. Wachovia Corp. et al. and Forsta AP-Fonden v. Wachovia Corp., et al., respectively, were filed in the U.S. District Court for the Southern District of New York. Following the transfer of the Miller, et al. v. Wachovia Corporation, et al.; Swiskay, et al. v. Wachovia Corporation, et al.; and Orange County Employees' Retirement System, et al. v. Wachovia Corporation, et al. cases to the U.S. District Court for the Southern District of New York, a consolidated class action complaint was filed on September 4, 2009 and the matter is now captioned In Re Wachovia Preferred Securities and Bond/Notes Litigation. On September 29, 2009, a non-class action case containing allegations similar to the allegations in the In re Wachovia Preferred Securities and Bond/Notes litigation, and captioned City of Livonia Employees' Retirement System v. Wachovia Corp et al., was filed in the Southern District of New York. In addition, a number of other actions containing allegations similar to those in the In re Wachovia Equity Securities Litigation have been filed in state courts in North Carolina and South Carolina by individual shareholders.

Illinois Attorney General Litigation On October 9, 2009, the Company filed a motion to dismiss Illinois' complaint.

Le-Nature's, Inc. On August 1, 2009, the trustee under the indenture for Le-Nature's Senior Subordinated Note filed claims against Wachovia Capital Markets seeking recovery for the bondholders under a variety of theories. On

September 16, 2009, the Judge in the action brought by the Litigation Trustee dismissed a cause of action for breach of fiduciary duty but denied the remainder of Wachovia's motion to dismiss. On October 2, 2009, the Second Circuit affirmed the dismissal of the action filed by certain bank debt holders in the Southern District of New York. The action filed on behalf of holders of Le-Nature's Senior Subordinated Notes is now pending in the Superior Court of the State of California, County of Los Angeles.

Municipal Derivatives Bid Practices Investigation On April 30, 2009, the Court granted a motion filed by Wachovia and certain other defendants to dismiss the Consolidated Class Action Complaint and dismissed all claims against Wachovia, with leave to replead; a Second Consolidated Amended Complaint was filed on June 18, 2009, and a motion to dismiss this complaint has been filed and briefed. Putative class and individual actions brought in California were also amended on September 15, 2009, including five non-class complaints filed in California which were amended with new allegations and the addition of Wells Fargo & Co. as a defendant. All matters are being coordinated in the Southern District of New York.

Outlook Based on information currently available, advice of counsel, available insurance coverage and established reserves, Wells Fargo believes that the eventual outcome of the actions against Wells Fargo and/or its subsidiaries, including the matters described above, will not, individually or in the aggregate, have a material adverse effect on Wells Fargo's consolidated financial position or results of operations. However, in the event of unexpected future developments, it is possible that the ultimate resolution of those matters, if unfavorable, may be material to Wells Fargo's results of operations for any particular period.

Source: WELLS FARGO & CO/MN, 10-Q, November 06, 2009 Powered by Morningstar® Document Research℠

8-K Filed March 17, 2010 (Wells)

Wachovia Bank, N.A., said today that it has entered into agreements with the U.S. Department of Justice and banking regulators concerning previously disclosed compliance matters that occurred prior to its acquisition by Wells Fargo & Company. The agreements address Wachovia's Bank Secrecy Act (BSA) and Anti-Money Laundering (AML) compliance program and primarily relate to customer accounts held by Mexican money exchange houses in Wachovia's Global Financial Institutions and Trade Services (GFITS) division between 2004 and 2007.

As part of the agreements, Wachovia will pay a total of $160 million. Wells Fargo learned about these matters before acquiring Wachovia and established reserves in prior periods that will fully cover the settlement amounts.

The agreements consist of the following:

- Wachovia Bank, N.A. has entered into a deferred prosecution agreement with the U.S. Attorney's Office for the Southern District of Florida and the U.S. Department of Justice. Under the agreement, the bank acknowledges that its AML compliance programs were inadequate and agrees to forfeit $110 million and implement certain remedial measures. In one year, if Wachovia has complied with the terms of the agreement, the Department of Justice will ask a U.S. court to dismiss all charges against the bank. The agreement states that there is no evidence or allegation that Wells Fargo's AML program is deficient.

- Wachovia Bank, N.A. has entered into a Consent Order with the Office of the Comptroller of the Currency (OCC), in which it has committed to take the necessary steps to address deficiencies and enhance its BSA and AML policies and procedures related to foreign correspondent banking activities. Wachovia has also agreed to pay the OCC a civil money penalty of $50 million.

- Wachovia Bank, N.A. has also agreed to a Consent to the Assessment of Civil Money Penalty with the Financial Crimes Enforcement Network of the United States Department of Treasury (FinCEN). The $110 million penalty imposed by FinCEN will be satisfied by the $110 million forfeiture made to the Department of Justice.

The focus of these investigations was primarily in the GFITS division of Wachovia Bank from 2004 to 2007, well before Wells Fargo acquired Wachovia at the end of 2008. By early 2008, Wachovia Bank had exited all relationships with foreign money exchange houses. Wachovia Bank has fully cooperated with the Federal Government throughout the course of its investigation. That cooperation has continued since the merger of Wachovia and Wells Fargo.

Wachovia has made significant enhancements to its AML and BSA compliance program that have strengthened its ability to guard against unlawful use of its system by wrongdoers. Over the past three years, Wachovia, and since January 2009, Wachovia as part of Wells Fargo, has invested $42 million evaluating and improving the BSA/AML compliance program. Since its acquisition by Wells Fargo, Wachovia has also been subject to Wells Fargo's BSA/AML compliance program and compliance and operational risk management, oversight and independent testing. The company continues to dedicate significant resources to this area, and is committed to maintaining compliant and effective BSA/AML practices and policies and a strong compliance culture across the integrated organization.
In addition to this matter, Wachovia Bank, N.A. and the Department of Justice have resolved the remaining outstanding issues related to relationships Wachovia had from 2003 to 2008 with payment processors for telemarketing companies, including Payment Processing Center, LLC. Wachovia reached a settlement with the OCC on 2008 and has paid restitution to consumers who may have been subject to fraud by the telemarketers.

These settlements complete all pending bank-specific investigations of Wachovia's correspondent banking business.

Wachovia Bank, N.A., is a subsidiary of Wells Fargo & Company.

Wells Fargo & Company is a diversified financial services company with $1.2 trillion in assets, providing banking, insurance, investments, mortgage and consumer finance through more than 10,000 stores and 12,000 ATMs and the internet (wellsfargo.com) across North America and internationally.

10 Q filed 5/10/2010 - Wells
Legal Actions occurring in first quarter 2010.

Auction Rate Securities Plaintiffs have appealed the January 26, 2010, dismissal of two civil class actions pending against Wells Fargo affiliated defendants.

Casa de Cambio Investigation In March 2010, Wachovia Bank, N.A. entered into a Deferred Prosecution Agreement with the U.S. Attorney's Office for the Southern District of Florida and U.S. Department of Justice, and entered into separate consent agreements with the Office of the Comptroller of the Currency and the Financial Crimes Enforcement Network to resolve those agencies' investigations into these matters, the substance of which occurred prior to Wachovia's acquisition by Wells Fargo & Company. The Deferred Prosecution Agreement was approved on March 17, 2010, by the U.S. District Court for the Southern District of Florida. Wachovia Bank, N.A. paid a total of $160 million to satisfy the forfeitures and penalties provided for in the various agreements and further agreed to continue certain remediation and compliance efforts. Settlement of this matter was previously described in a Form 8-K filed on March 17, 2010.

ERISA Litigation On April 6, 2010, the U.S. District Court for the District of Minnesota certified a class of participants in Wells Fargo's 401(k) Plan in a case captioned Figas v. Wells Fargo & Company, et al. Figas purports to bring claims on behalf of participants who had assets in certain Wells Fargo affiliated funds from November 2, 2001, to September 22, 2009, alleging breach of fiduciary duty in connection with the offer of Wells Fargo affiliated funds as investment choices in the Plan.

Golden West and Related Litigation On May 3, 2010, the judge in the Southern District of New York issued an order granting Plaintiffs leave to amend the class action and other complaints pending in that court, and directing the parties to submit a schedule for the filing of the amended complaints and new motions to dismiss. This order terminates the motions to dismiss the prior complaints which had been pending.

In re Wells Fargo Mortgage-Backed Certificates Litigation and Mortgage Related Investigations This lawsuit is comprised of several securities law based putative class actions, consolidated in the U.S. District Court for the Northern District of California on July 16, 2009. The case is brought against several Wells Fargo mortgage-backed securities trusts, Wells Fargo Bank, N.A. and other affiliated entities, individual employee defendants, along with various underwriters and rating agencies. The plaintiffs allege that the offering documents contained untrue statements of material fact, or omitted to state material facts necessary to make the registration statements and accompanying prospectuses not misleading. The allegations are regarding the underwriting standards used in connection with the origination of the underlying mortgages, the maximum loan-to-value ratios used to qualify borrowers, and the appraisals of the properties underlying the mortgages. Motions to dismiss, filed on behalf of all defendants, were granted in part and denied in part by a court order entered on April 22, 2010. The plaintiffs were granted leave to amend some of their claims.

Certain government entities are conducting investigations into the mortgage lending practices of various Wells Fargo affiliated entities, including whether borrowers were steered to more costly mortgage products. Wells Fargo intends to cooperate fully with these investigations.

LeNature's Inc. On March 15, 2010, the Mecklenburg County Superior Court entered an order allowing the hedge fund defendants to assert their tort claims in the New York state action. The holders of LeNature's Senior Subordinated Notes filed an amended complaint in the California action, and Wachovia has filed its demurrer to that complaint. The action filed by the trustee under the indenture for the Senior Subordinated Notes offering was dismissed by the U.S. District Court for the Western District of Pennsylvania on April 16, 2010.

Municipal Derivatives Bid Practice Investigation Defendants' motion to dismiss the second consolidated amended complaint was denied by the U.S. District Court for the Southern District of New York on March 25, 2010. On April 26, 2010, the same court also denied motions to dismiss eleven related cases filed by municipalities in California.

Payment Processing Center On March 17, 2010, the U.S. District Court for the Southern District of Florida approved a Deferred Prosecution Agreement between the U.S. Department of Justice and Wachovia Bank, N.A., which resolved the Department of Justice's investigation into this matter. The Company believes all pending governmental investigations relating to this matter are now concluded.

10 Q filed 6/10/2010 -Wells
Legal Actions occurring in first quarter 2010 (Amended August 6, 2010)

The following supplements and amends our discussion of certain matters previously reported in Item 3 (Legal Proceedings) of our 2009 Form 10-K and our First Quarter Form 10-Q for events occurring in second quarter 2010.

Data Treasury Litigation On June 15, 2010, Wells Fargo entered into a confidential settlement agreement which settled all claims of Data Treasury against Wells Fargo and Wachovia. The estimated liability for this matter had been accrued for in previous quarters and the settlement did not have a material adverse effect on Wells Fargo's consolidated financial statements for the period ended June 30, 2010.

Golden West and Related Litigation Amended complaints were filed in all the actions in May 2010 and renewed motions to dismiss have been filed in each case.

In Re Wells Fargo Mortgage-Backed Certificates Litigation On May 28, 2010, plaintiffs filed an amended consolidated complaint. On June 25, 2010, Wells Fargo moved to dismiss the amended complaint. On June 29, 2010 and on July 15, 2010, two complaints, the first captioned The Charles Schwab Corporation vs. Merrill Lynch, Pierce, Fenner & Smith, Inc., et al., and the second captioned The Charles Schwab Corporation v. BNP Paribas Securities Corp., et al., were filed in the Superior Court for the State of California, San Francisco County against a number of defendants, including Wells Fargo Bank, N.A. and Wells Fargo Asset Securities Corporation. As against the Wells Fargo entities, the new cases assert opt out claims relating to the claims alleged in the Mortgage-Backed Certificates Litigation.

LeNature's Inc. On July 7, 2010, the demurrer to the California noteholder action was overruled. On May 10, 2010, the New York State Court granted the motion to dismiss two counts of the complaint and denied the motion to dismiss two other counts.

Municipal Derivatives Bid Practice Investigation In May 2010, four additional complaints were filed in California state courts by four additional California municipalities containing allegations virtually identical to the allegations of the eleven complaints previously filed by various California municipalities.

Municipal Derivatives Bid Practice Investigation In May 2010, four additional complaints were filed in California state courts by four additional California municipalities containing allegations virtually identical to the allegations of the eleven complaints previously filed by various California municipalities.

10-Q Filed November 5, 2010 Wells

Legal Actions

The following supplements and amends our discussion of certain matters previously reported in Item 3 (Legal Proceedings) of our 2009 Form 10-K and our 2010 First and Second Quarter Form 10-Q for events occurring in third quarter 2010.

Adelphia Litigation On September 21, 2010, an agreement in principle was reached between the Adelphia Resolution Trust and all of the defendant banks to settle the remaining claims against the Banks. The agreement is subject to approval by the Court. A hearing on approval of the settlement is scheduled for November 18, 2010.

ERISA Litigation On August 6, 2010, an order was entered by the U.S. District Court for the Western District of North Carolina dismissing, with prejudice, the plaintiffs' complaint in the In re Wachovia Corporation ERISA Litigation case. Plaintiffs have appealed. On October 18, 2010, an agreement in principle was reached to settle the Figas v. Wells Fargo & Company , et al. case. The agreement is subject to approval by the Court and an independent fiduciary.

Golden West and Related Litigation Two individual shareholder actions in South Carolina have been dismissed and the shareholders have appealed.

Municipal Derivatives Bid Practice Investigation On September 21, 2010 a complaint, captioned Active Retirement Community, Inc. d/b/a Jefferson's Ferry v. Bank of America, N.A., et al., was filed in the U.S. District Court for the Eastern District of New York. The case asserts claims against Wachovia Bank, N.A. and Wells Fargo & Company that are substantially similar to other previously disclosed civil cases.
Order of Posting Litigation A series of putative class actions have been filed against Wachovia Bank, N.A. and Wells Fargo Bank, N.A., as well as many other banks, challenging the high to low order in which the Banks post debit card transactions to consumer deposit accounts. There are currently twelve such cases pending against Wells

Fargo Bank (including the Wachovia Bank cases to which Wells Fargo succeeded), all but three of which have been consolidated in multi-district litigation proceedings in the U.S. District Court for the Southern District of Florida. On August 10, 2010, the U.S. District Court for the Northern District of California issued an order in Gutierrez v. Wells Fargo Bank, N.A. , one of the three cases that were not consolidated in the multi-district proceedings, enjoining the Bank's use of the high to low posting method for debit card transactions with respect to the plaintiff class of California depositors, directing that the Bank establish a different posting methodology and ordering remediation in the approximate amount of $203 million. On October 26, 2010, a final judgment was entered in Gutierrez . Wells Fargo will appeal.

In Re Wells Fargo Mortgage-Backed Certificates Litigation and Related Mortgage Litigation and Investigations On October 5, 2010, Wells Fargo's motion to dismiss the amended complaint in the Northern District of California was granted in part and denied in part.

On October 15, 2010, three actions, captioned Federal Home Loan Bank of Chicago v. Banc of America Funding Corporation, et al. (filed in the Cook County Circuit Court, State of Illinois); Federal Home Loan Bank of Chicago v. Banc of America Securities LLC, et al. (filed in the Superior Court of the State of California for the County of Los Angeles); and Federal Home Loan Bank of Indianapolis v. Banc of America Mortgage America Securities, Inc., et al. (filed in the Superior Court of the State of Indiana for the County of Marion), named multiple defendants, described as issuers/depositors, and underwriters/dealers of private label mortgage-backed securities, in an action asserting claims that defendants used false and misleading statements in offering documents for the sale of such securities. The Bank of Chicago asserts that it purchased approximately $4.2 billion and the Bank of Indianapolis asserts that it purchased nearly $3 billion of such securities from the defendants. Plaintiffs seek rescission of the sales and damages under state securities and other laws and Section 11 of the Securities Act of 1933. Wells Fargo Asset Securities Corporation, Wells Fargo Bank, N.A. and Wells Fargo & Company were named among the defendants. In addition, various class actions have been filed against Wells Fargo Bank, N.A. and other banks challenging aspects of the foreclosure process, alleging, among other things, that banks improperly split notes and mortgages, use inappropriate foreclosure plaintiffs, misapply payments in violation of the terms of notes and mortgages, and submit fraudulent and inaccurate foreclosure affidavits. Wells Fargo Bank, N.A. has received inquiries from state Attorneys General, other state and federal regulators and officers, and legislative committees into its mortgage foreclosure practices and procedures. Wells Fargo is appropriately responding to these inquiries as well as internally reviewing its practices and procedures. At present, Wells Fargo cannot estimate the possible loss or range of loss with respect to the allegations concerning the mortgage related litigation and investigations described above.

Outlook In accordance with ASC 450 (formerly FAS 5), Wells Fargo has established estimated liabilities for litigation matters with loss contingencies that are both probable and estimable. For these matters and others where an unfavorable outcome is reasonably possible but not probable, there may be a range of possible losses in excess of the estimated liability that cannot be estimated. Based on information currently available, advice of counsel, available insurance coverage and established reserves, Wells Fargo believes that the eventual outcome of the actions against Wells Fargo and/or its subsidiaries, including the matters described above, will not, individually or in the aggregate, have a material adverse effect on Wells Fargo's consolidated financial statements. However, in the event of unexpected future developments, it is possible that the ultimate resolution of those matters, if unfavorable, may be material to Wells Fargo's consolidated financial statements for any particular period.

Wells Fargo & Company 10-K for fiscal year 12/31/2010 issued 2/25/2011

ITEM 3. LEGAL PROCEEDINGS

Information in response to this Item 3 can be found in the 2010 Annual Report to Stockholders under "Financial Statements – Notes to Financial Statements – Note 14 (Guarantees and Legal Actions)." That information is incorporated into this item by reference.

Legal Actions

Wells Fargo and certain of our subsidiaries are involved in a number of judicial, regulatory and arbitration proceedings concerning matters arising from the conduct of our business activities. These proceedings include actions brought against Wells Fargo and/or our subsidiaries with respect to corporate related matters and transactions in which Wells Fargo and/or our subsidiaries were involved. In addition, Wells Fargo and our subsidiaries may be requested to provide information or otherwise cooperate with government authorities in the conduct of investigations of other persons or industry groups. Although there can be no assurance as to the ultimate outcome, Wells Fargo and/or our subsidiaries have generally denied, or believe we have a meritorious defense and will deny, liability in all significant litigation pending against us, including the matters described below, and we intend to defend vigorously each case, other than matters we describe as having settled. Reserves are established for
legal claims when payments associated with the claims become probable and the costs can be reasonably estimated. The actual costs of resolving legal claims may be substantially higher or lower than the amounts reserved for those claims.

ADELPHIA LITIGATION Wachovia Bank, N.A. and Wachovia Capital Markets, LLC, along with numerous other financial institutions were defendants in a case pending in the United States District Court for the Southern District of New York related to the bankruptcy of Adelphia Communications Corporation (Adelphia). The plaintiff was the Adelphia Recovery Trust. The complaint asserted claims against the defendants under state law, bankruptcy law and the Bank Holding Company Act and sought equitable relief and an unspecified amount of compensatory and punitive damages. On September 21, 2010, an agreement was reached between the Adelphia Resolution Trust and all of the defendant banks to settle the claims against the banks for the total amount of $175 million. Wachovia's share was a fraction of that amount and was not material to Wells Fargo. The settlement has been approved by the Court and the case is concluded.

ELAVON LITIGATION On January 16, 2009, Elavon, Inc., a provider of merchant processing services, filed a complaint in the U.S. District Court for the Northern District of Georgia against Wachovia Corporation, Wachovia Bank, N.A., Wells Fargo & Company, and Wells Fargo Bank, N.A. The complaint seeks equitable relief, including specific performance, and damages for Wachovia Bank's allegedly wrongful termination of its merchant referral contract with Elavon. Discovery has been completed and both parties have moved for summary judgment on various claims or defenses.

ERISA LITIGATION A purported class action, captioned *In re Wachovia Corporation ERISA Litigation* , was pending against Wachovia Corporation, its board of directors and certain senior officers, in the U.S. District Court for the Western District of North Carolina. The case was filed on behalf of employees of Wachovia Corporation and its affiliates who held shares of Wachovia Corporation common stock in their Wachovia Savings Plan accounts. On August 6, 2010, an order was entered by the Court dismissing, with prejudice, the plaintiffs' complaint. The dismissal was appealed. On December 8, 2010, an agreement in principle was reached to settle the case for $12.35 million. The settlement is subject to Court approval. A hearing on approval of the settlement has not yet been scheduled.

On April 6, 2010, the U.S. District Court for the District of Minnesota certified a class of participants in Wells Fargo's 401(k) Plan in a case captioned *Figas v. Wells Fargo & Company, et al.* Figas purports to bring claims on behalf of

participants who had assets in certain Wells Fargo affiliated funds from November 2, 2001, to September 22, 2009, alleging breach of fiduciary duty in connection with the offer of Wells Fargo affiliated funds as investment choices in the Plan. On October 18, 2010, an agreement in principle was reached to settle the *Figas v. Wells Fargo & Company, et al.* case. The agreement is subject to approval by the Court and an independent fiduciary.

ILLINOIS ATTORNEY GENERAL LITIGATION On July 31, 2009, the Attorney General for the State of Illinois filed a civil lawsuit against Wells Fargo & Company, Wells Fargo Bank, N.A. and Wells Fargo Financial Illinois, Inc. in the Circuit Court for Cook County, Illinois. The Illinois Attorney General alleges that the Wells Fargo defendants engaged in illegal discrimination by "reverse redlining" and by steering African-American and Latino customers into high cost, subprime mortgage loans while other borrowers with similar incomes received lower cost mortgages. Illinois also alleges that Wells Fargo Financial Illinois, Inc. misled Illinois customers about the terms of mortgage loans. Illinois' complaint against all Wells Fargo defendants is based on alleged violation of the Illinois Human Rights Act and the Illinois Fairness in Lending Act. The complaint also alleges that Wells Fargo Financial Illinois, Inc. violated the Illinois Consumer Fraud and Deceptive Business Practices Act and the Illinois
Uniform Deceptive Trade Practices Act. Illinois' complaint seeks an injunction against the defendants' alleged violation of these Illinois statutes, restitution to consumers and civil money penalties. On October 9, 2009, the Company filed a motion to dismiss Illinois' complaint, and is awaiting the Court's ruling.

IN RE WELLS FARGO MORTGAGE-BACKED CERTIFICATES LITIGATION This lawsuit is comprised of several securities law based putative class actions, consolidated in the U.S. District Court for the Northern District of California on July 16, 2009. The case is brought against several Wells Fargo mortgage-backed securities trusts, Wells Fargo Bank, N.A. and other affiliated entities, individual employee defendants, along with various underwriters and rating agencies. The plaintiffs allege that the offering documents contain untrue statements of material fact, or omit to state material facts necessary to make the registration statements and accompanying prospectuses not misleading. The allegations are regarding the underwriting standards used in connection with the
origination of the underlying mortgages, the maximum loan-to-value ratios used to qualify borrowers, and the appraisals of the properties underlying the mortgages. Motions to dismiss, filed on behalf of all defendants, were granted in part and denied in part by a court order entered on April 22, 2010. The plaintiffs were granted leave to amend some of their claims. On May 28, 2010, plaintiffs filed an amended consolidated complaint. On June 25, 2010, Wells Fargo moved to dismiss the amended complaint. On October 5, 2010, Wells Fargo's motion to dismiss the amended complaint was granted in part and denied in part.

On June 29, 2010 and on July 15, 2010, two complaints, the first captioned *The Charles Schwab Corporation vs. Merrill Lynch, Pierce, Fenner & Smith, Inc., et al.,* and the second captioned *The Charles Schwab Corporation v. BNP Paribas Securities Corp., et al.,* were filed in the Superior Court for the State of California, San Francisco County against a number of defendants, including Wells Fargo Bank, N.A. and Wells Fargo Asset Securities Corporation. As against the Wells Fargo entities, the new cases assert opt out claims relating to the claims alleged in the Mortgage-Backed Certificates Litigation.

On October 15, 2010, three actions, captioned *Federal Home Loan Bank of Chicago v. Banc of America Funding Corporation, et al.* (filed in the Cook County Circuit Court, State of Illinois); *Federal Home Loan Bank of Chicago v. Banc of America Securities LLC, et al.* (filed in the Superior Court of the State of California for the County of Los Angeles); and *Federal Home Loan Bank of Indianapolis v. Banc of America Mortgage America Securities, Inc., et al.* (filed in the Superior Court of the State of Indiana for the County of Marion), named multiple defendants, described as issuers/depositors, and underwriters/dealers of private label mortgage-backed securities, in an action asserting claims that defendants used false and misleading statements in offering documents for the sale of such securities. The Bank of Chicago asserts that it purchased approximately $4.2 billion and the Bank of Indianapolis asserts that it purchased nearly $3 billion of such securities from the defendants. Plaintiffs seek rescission of the sales and damages under state securities and other laws and Section 11 of the Securities Act of 1933. Wells Fargo Asset Securities Corporation, Wells Fargo Bank, N.A. and Wells Fargo & Company were named among the defendants.

INTERCHANGE LITIGATION Wells Fargo Bank, N.A., Wells Fargo & Company, Wachovia Bank, N.A. and Wachovia Corporation are named as defendants, separately or in combination, in putative class actions filed on behalf of a plaintiff class of merchants and in individual actions brought by individual merchants with regard to the interchange fees associated with Visa and MasterCard payment card transactions. These actions have been consolidated in the United States District Court for the Eastern District of New York. Visa, MasterCard and several banks and bank holding companies are named as defendants in various of these actions. The amended and consolidated complaint asserts claims against defendants based on alleged violations of federal and state antitrust laws and seeks damages, as well as injunctive relief. Plaintiff merchants allege that Visa, MasterCard and payment card issuing banks unlawfully colluded to set interchange rates. Plaintiffs also allege that enforcement of certain Visa and MasterCard rules and alleged tying and bundling of services offered to merchants are

anticompetitive. Wells Fargo and Wachovia, along with other defendants and entities, are parties to Loss and Judgment Sharing Agreements, which provide that they, along with other entities, will share, based on a formula, in any losses from the Interchange Litigation.

LE-NATURE'S, INC. Wachovia Bank, N.A. was the administrative agent on a $285 million credit facility extended to Le-Nature's, Inc. in September 2006, of which approximately $270 million was syndicated to other lenders by Wachovia Capital Markets, LLC. Le-Nature's was the subject of a Chapter 7 bankruptcy petition, which was converted to a Chapter 11 bankruptcy petition in November 2006 in the U.S. Bankruptcy Court for the Western District of Pennsylvania. The filing was precipitated by an apparent fraud relating to Le-Nature's financial condition. Wachovia Capital Markets, LLC and/or Wachovia Bank, N.A. are named as defendants in a number of lawsuits including the following: (1) a case filed in the New York State Supreme Court for the County of Manhattan by hedge fund purchasers of the bank debt seeking to recover from Wachovia on various theories of liability (On May 10, 2010, the Court granted Wachovia's motion to dismiss two counts of the complaint and denied the motion to dismiss two other counts); (2) a case filed on April 28, 2008, by holders of a Le-Nature's Senior Subordinated Notes offering underwritten by Wachovia Capital Markets in June 2003, alleging various fraud claims, pending in the Superior Court of the State of California for the County of Los Angeles; and (3) an action filed on October 30, 2008, on behalf of the liquidation trust created in Le-Nature's bankruptcy against a number of individuals and entities, including Wachovia Capital Markets, LLC and Wachovia Bank, N.A., in the U.S. District Court for the Western District of Pennsylvania, asserting a variety of claims on behalf of the bankruptcy estate. On September 16, 2009, the Court dismissed a cause of action for breach of fiduciary duty but denied the remainder of Wachovia's motion to dismiss. Discovery is underway in these matters.

MERGER RELATED LITIGATION On October 4, 2008, Citigroup, Inc. purported to commence an action in the Supreme Court of the State of New York for the County of Manhattan, captioned *Citigroup, Inc. v. Wachovia Corp., et al.*, naming as defendants Wachovia Corporation, Wells Fargo & Company, and the directors of both companies. The complaint alleged that Wachovia breached an exclusivity agreement with Citigroup, which by its terms was to expire on October 6, 2008, by entering into negotiations and an eventual acquisition agreement with Wells Fargo, and that Wells Fargo and the individual defendants had tortiously interfered with the same contract. On October 4, 2008, Wachovia filed a complaint in the U.S. District Court for the Southern District of New York, captioned *Wachovia Corp. v. Citigroup, Inc.* The complaint sought declaratory and injunctive relief, stating that the Wells Fargo merger agreement is valid, proper, and not prohibited by the exclusivity agreement. On March 20, 2009, the
U.S. District Court for the Southern District of New York remanded the *Citigroup, Inc. v. Wachovia Corp., et al.* case to the Supreme Court of the State of New York for the County of Manhattan, but retained jurisdiction over the
Wachovia v. Citigroup case. These cases were settled by Wells Fargo's payment of $100 million to Citigroup in November, 2010. On November 23, 2010, both cases were dismissed at the request of the parties.

MORTGAGE FORECLOSURE DOCUMENT LITIGATION Seven purported class actions and several individual borrower actions related to foreclosure document practices were filed in late 2010 and in early 2011 against Wells Fargo Bank, N.A. in its status as mortgage servicer. The cases have been brought in state and federal courts. Of the individual borrower cases, the majority are filed in state courts in California and Ohio. Two other class actions were filed against Wells Fargo Bank, but Wells Fargo is named as a defendant as corporate trustee of the mortgage trust and not as a mortgage servicer. The actions generally claim that Wells Fargo submitted "fraudulent" or "untruthful" affidavits or other foreclosure documents to courts to support foreclosures filed in the state. Specifically, plaintiffs allege that Wells Fargo signers did not have personal knowledge of the facts alleged in the documents and did not verify the information in the documents ultimately filed with courts to foreclose. Plaintiffs attempt to state legal claims ranging from wrongful foreclosure to deceptive practices to fraud and seek relief ranging from cancellation of notes and mortgages to money damages.

On December 20, 2010, the New Jersey Supreme Court, the New Jersey Administrative Office of the Courts, and the Superior Court of New Jersey for Mercer County jointly began an action against Wells Fargo and other large mortgage servicing companies in state court in New Jersey. This action seeks to enjoin pending foreclosures and sales and to require servicers to certify and prove compliance with new foreclosure procedures in New Jersey, or be held in contempt of court. Wells Fargo has filed its initial response to the New Jersey action.

MORTGAGE RELATED REGULATORY INVESTIGATIONS Several government agencies are conducting investigations or examinations of various mortgage related practices of Wells Fargo Bank. The investigations relate to two main topics, (1) whether Wells Fargo may have violated fair lending or other laws and regulations relating to mortgage origination practices; and (2) whether Wells Fargo's practices and procedures relating to mortgage foreclosure affidavits and documents relating to the chain of title to notes and mortgage documents are adequate. With regard to the investigations into foreclosure practices, it is likely that one or more of the government agencies will initiate some type of enforcement action

against Wells Fargo, which may include civil money penalties. Wells Fargo continues to provide information requested by the various agencies.

MUNICIPAL DERIVATIVES BID PRACTICES INVESTIGATION The Department of Justice (DOJ) and the SEC, beginning in November 2006, have been requesting information from a number of financial institutions, including Wachovia Bank, N.A.'s municipal derivatives group, generally with regard to competitive bid practices in the municipal derivative markets. In connection with these inquiries, Wachovia Bank has received subpoenas from both the DOJ and SEC as well as requests from other regulatory agencies and several states seeking documents and information. The DOJ and the SEC have advised Wachovia Bank that they believe certain of its employees engaged in improper conduct in conjunction with certain competitively bid transactions and, in November 2007, the DOJ notified two Wachovia Bank employees, both of whom have since been terminated, that they are regarded as targets of the DOJ's investigation. Wachovia Bank has been cooperating fully with the government investigations.

Wachovia Bank, along with a number of other banks and financial services companies, has also been named as a defendant in a number of substantially identical purported class actions filed in various state and federal courts by various municipalities alleging they have been damaged by the activity which is the subject of the government investigations. These cases are now consolidated under the caption *In re Municipal Derivatives Antitrust Litigation* in the U.S. District Court for the Southern District of New York. On April 30, 2009, the Court granted a motion filed by Wachovia and certain other defendants to dismiss the Consolidated Class Action Complaint and dismissed all claims against Wachovia, with leave to replead. A Second Consolidated Amended Complaint was filed on June 18, 2009, and a motion to dismiss that complaint was denied. A number of putative class and individual actions have also been brought in various courts, including complaints which were amended with new allegations and the addition of Wells Fargo & Co. as a defendant. These cases all have allegations substantially similar to those in the consolidated class complaint. All of the cases are being coordinated in the U.S. District Court for the Southern District of New York.

ORDER OF POSTING LITIGATION A series of putative class actions have been filed against Wachovia Bank, N.A. and Wells Fargo Bank, N.A., as well as many other banks, challenging the high to low order in which the Banks post debit card transactions to consumer deposit accounts. There are currently 12 such cases pending against Wells Fargo Bank (including the Wachovia Bank cases to which Wells Fargo succeeded), all but three of which have been consolidated in multi-district litigation proceedings in the U.S. District Court for the Southern District of Florida. On August 10, 2010, the U.S. District Court for the Northern District of California issued an order in *Gutierrez v. Wells Fargo Bank, N.A.*, one of the three cases that were not consolidated in the multi-district proceedings, enjoining the Bank's use of the high to low posting method for debit card transactions with respect to the plaintiff class of California depositors, directing that the Bank establish a different posting methodology and ordering remediation in the approximate amount of $203 million. On October 26, 2010, a final judgment was entered in Gutierrez. On October 28, 2010, Wells Fargo appealed to the U.S. Court of Appeals for the Ninth Circuit.

WACHOVIA EQUITY SECURITIES AND BONDS/NOTES LITIGATION

A purported securities class action, *Lipetz v. Wachovia Corporation, et al.*, was filed on July 7, 2008, in the U.S. District Court for the Southern District of New York alleging violations of Sections 10 and 20 of the Securities Exchange Act of 1934. An amended complaint was filed on December 15, 2008. Among other allegations, plaintiffs allege Wachovia's common stock price was artificially inflated as a result of allegedly misleading disclosures relating to the Golden West Financial Corp. mortgage portfolio, Wachovia's exposure to other mortgage related products such as CDOs, control issues and auction rate securities. On March 19, 2009, the defendants filed a motion to dismiss the amended class action complaint in the Lipetz case, which has now been re-captioned as *In re Wachovia Equity Securities Litigation*. There are four additional cases (not class actions) containing allegations similar to the allegations in the *In re Wachovia Equity Securities Litigation* captioned *Stichting Pensioenfonds ABP v. Wachovia Corp. et al., FC Holdings AB, et al. v. Wachovia Corp., et al., Deka Investment GmbH v. Wachovia Corp. et al. and Forsta AP-Fonden v. Wachovia Corp., et al.*, respectively, which were filed in the U.S. District Court for the Southern District of New York, and there are a number of other similar actions filed in state courts in North Carolina and South Carolina by individual shareholders. Two of the individual shareholder actions in South Carolina have been dismissed and the shareholders have appealed.

After a number of procedural motions, three purported class action cases alleging violations of Sections 11, 12, and 15 of the Securities Act of 1933 as a result of allegedly misleading disclosures relating to the Golden West mortgage portfolio in connection with Wachovia's issuance of various preferred securities and bonds were transferred to the U.S. District Court for the Southern District of New York. A consolidated class action complaint was filed on September 4, 2009, and the matter is now captioned *In Re Wachovia Preferred Securities and Bond/Notes Litigation*. On September 29, 2009, a non-class action case containing allegations similar to the allegations in the *In re Wachovia Preferred Securities and Bond/Notes* litigation, and captioned *City of Livonia Employees' Retirement System v. Wachovia Corp et al.*, was filed in the Southern District of New York. On May 3, 2010, the judge in the Southern District of New York issued an order granting Plaintiffs leave to

amend the class action and other complaints pending in that court, and directing the parties to submit a schedule for the filing of the amended complaints and new motions to dismiss. This order terminates the motions to dismiss the prior complaints which had been pending. Amended complaints were filed in all the actions in May 2010 and renewed motions to dismiss have been filed in each case.

OUTLOOK When establishing a liability for contingent litigation losses, the Company determines a range of potential losses for each matter that is both probable and estimable, and records the amount it considers to be the best estimate within the range. The high end of the range of potential litigation losses in excess of the Company's best estimates within the range of potential losses used in establishing the total litigation liability was $1.2 billion as of December 31, 2010. For these matters and others where an unfavorable outcome is reasonably possible but not probable, there may be a range of possible losses in excess of the established liability that cannot be estimated. Based on information currently available, advice of counsel, available insurance coverage and established reserves, Wells Fargo believes that the eventual outcome of the actions against Wells Fargo and/or its subsidiaries, including the matters described above, will not, individually or in the aggregate, have a material adverse effect on Wells Fargo's consolidated financial position. However, in the event of unexpected future developments, it is possible that the ultimate resolution of those matters, if unfavorable, may be material to Wells Fargo's results of operations for any particular period.

Note 11: Legal Actions 10-Q May 6, 2011 Wells

Note 11: Legal Actions

The following supplements and amends our discussion of certain matters previously reported in Item 3 (Legal Proceedings) of our 2010 Form 10-K for events occurring in first quarter 2011.

ERISA LITIGATION A hearing on final approval of the settlement of the In re Wachovia Corporation ERISA Litigation is scheduled before the U.S. District Court for the Western District of North Carolina on August 25, 2011.

A hearing on final approval of the settlement of Figas v. Wells Fargo & Company, et al. is scheduled before the U.S. District Court for the District of Minnesota on July 21, 2011.

IN RE WELLS FARGO MORTGAGE-BACKED CERTIFICATES LITIGATION A hearing on plaintiffs' motion for class certification has been scheduled for June 23, 2011.

MORTGAGE FORECLOSURE DOCUMENT LITIGATION On March 29, 2011, Wells Fargo, along with other mortgage servicers, entered into a stipulation in connection with the action commenced by the New Jersey Supreme Court, the New Jersey Administrative Office of the Courts and the Superior Court of New Jersey for Mercer County providing for the appointment of a special master to review mortgage foreclosure affidavit processes.

MORTGAGE RELATED REGULATORY INVESTIGATIONS On March 31, 2011, Wells Fargo Bank, N.A. (the Bank) entered into a Consent Order with the Office of the Comptroller of the Currency (OCC) under which the OCC made certain findings in connection with the Bank's foreclosure practices, which findings the Bank neither admitted nor denied. The Bank agreed in the consent order, among other things, and subject to the OCC's approval (i) to establish a Compliance Committee to monitor and coordinate the Bank's compliance with the Consent Order; (ii) to create a comprehensive Action Plan describing the actions needed to achieve compliance with the Consent Order; (iii) to submit an acceptable compliance plan to ensure that its mortgage servicing and foreclosure operations, including loss mitigation and loan modification, comply with legal requirements, OCC supervisory guidance, and the terms of the Consent Order; (iv) to submit a plan to ensure appropriate controls and oversight of the Bank's activities with respect to the Mortgage Electronic Registration System; (v) to take certain other actions with respect to its mortgage servicing and foreclosure operations; and (vi) to conduct a foreclosure review through an independent consultant on certain residential foreclosure actions. On April 4, 2011, Wells Fargo & Company (Wells Fargo) entered into a Consent Order with the Board of Governors of the Federal Reserve pursuant to which Wells Fargo agreed, among other things, (i) to ensure the Bank's compliance with the OCC Consent Order; (ii) to develop for the Federal Reserve's approval a written plan to enhance its Enterprise Risk Management with respect to oversight of residential mortgage loan servicing; (iii) to develop for the Federal Reserve's approval a written plan to enhance its enterprise-wide compliance program with respect to oversight of residential mortgage loan servicing; and (iv) to develop for the Federal Reserve's approval a written plan to enhance the internal audit program with respect to residential mortgage loan servicing. Neither Consent Order provided for civil money penalties but both government entities reserved the ability to seek such penalties and Wells Fargo reserved the ability to oppose the imposition of such penalties. In addition, as previously disclosed in our 2010 Form 10-K, other government agencies, including state attorneys general and the U.S. Department of Justice, continue to investigate various mortgage related practices of the Bank

and other major mortgage servicers. Wells Fargo continues to cooperate with these investigations. These investigations could result in material fines, penalties, equitable remedies (including requiring default servicing or other process changes), or other enforcement actions, and result in significant legal costs in responding to governmental investigations and additional litigation.

WACHOVIA EQUITY SECURITIES AND BONDS/NOTES LITIGATION On March 31, 2011, the U.S. District Court for the Southern District of New York entered a Decision and Order granting Wachovia's motions to dismiss the In re Wachovia Equity Securities Litigation and the Stichting Pensioenfonds ABP, FC Holdings AB, Deka Investment GmbH and Forsta AP-Fonden cases. By the same Decision and Order, the Court granted in part and denied in part Wachovia's motion to dismiss the In re Wachovia Preferred Securities and Bond/Notes Litigation , allowing that case to go forward after limiting the number of offerings at issue.

OUTLOOK When establishing a liability for contingent litigation losses, the Company determines a range of potential losses for each matter that is both probable and estimable, and records the amount it considers to be the best estimate within the range. The high end of the range of potential litigation losses in excess of the Company's best estimates within the range of potential losses used in establishing the total litigation liability was $1.7 billion as of March 31, 2011. For these matters and others where an unfavorable outcome is reasonably possible but not probable, there may be a range of possible losses in excess of the established liability that cannot be estimated. Based on information currently available, advice of counsel, available insurance coverage and established reserves, Wells Fargo believes that the eventual outcome of the actions against Wells Fargo and/or its subsidiaries, including the matters described above, will not, individually or in the aggregate, have a material adverse effect on Wells Fargo's consolidated financial position. However, in the event of unexpected future developments, it is possible that the ultimate resolution of those matters, if unfavorable, may be material to Wells Fargo's results of operations for any particular period.

Wells Fargo & Company Note 11: Legal Actions As Presented in August 5, 2011 10-Q

The following supplements and amends our discussion of certain matters previously reported in Item 3 (Legal Proceedings) of our 2010 Form 10-K, and Part II, Item 1 (Legal Proceedings) of our 2011 first quarter Quarterly Report on Form 10-Q for events occurring in second quarter 2011.

ELAVON LITIGATION On May 23, 2011, the Court entered an order granting plaintiff's motion for partial summary judgment and denying Wells Fargo's motion for partial summary judgment, ruling that Wells Fargo's termination of the contract at issue was invalid and dismissing several of Wells Fargo's affirmative defenses. The Court has set a trial date of the remaining issues for September 21, 2011.

ERISA LITIGATION The U.S. District Court for the District of Minnesota is considering final approval of the $17.5 million settlement in Figas v. Wells Fargo & Company, et al.

IN RE WELLS FARGO MORTGAGE-BACKED CERTIFICATES LITIGATION On May 27, 2011, Wells Fargo and the plaintiffs agreed to settle the matter captioned In re Wells Fargo Mortgage-Backed Securities Litigation for $125 million. On July 26, 2011, the Court entered an order preliminarily approving the settlement.

On April 20, 2011, a case captioned Federal Home Loan of Boston v. Ally Financial, Inc., et al., was filed in the Superior Court of the Commonwealth of Massachusetts for the County of Suffolk. The case names, among a large number of parties, Wells Fargo & Company, Wells Fargo Asset Securitization Corporation and Wells Fargo Bank, National Association as parties and contains allegations substantially similar to the cases filed by the other Federal Home Loan Banks.

On April 28, 2011, a case captioned The Union Central Life Insurance Company, et al. v. Credit Suisse First Boston Securities Corp., et al., was filed in the U.S. District Court for the Southern District of New York. Among other defendants, it names Wells Fargo Asset Securitization Corporation and Wells Fargo Bank, National Association. The case asserts various state law fraud claims and claims for violations of sections 10(b) and 20(a) of the Securities Exchange Act of 1934 on behalf of three insurance companies, relating to offerings of mortgage-backed securities from 2005 through 2007.

In addition, there are other cases involving other issuers of mortgage-backed certificates where Wells Fargo may have indemnity obligations because the pools of mortgages backing the certificates contain mortgages originated by Wells Fargo.

MORTGAGE RELATED REGULATORY INVESTIGATIONS On March 31, 2011, Wells Fargo Bank, N.A. (the Bank) entered into a Consent Order with the Office of the Comptroller of the Currency (OCC) under which the OCC made certain findings in connection with the Bank's foreclosure practices, which findings the Bank neither admitted nor denied. The Bank agreed in the consent order, among other things, and subject to the OCC's approval (i) to establish a Compliance Committee to monitor and coordinate the Bank's compliance with the Consent Order;

(ii) to create a comprehensive Action Plan describing the actions needed to achieve compliance with the Consent Order; (iii) to submit an acceptable compliance plan to ensure that its mortgage servicing and foreclosure operations, including loss mitigation and loan modification, comply with legal requirements, OCC supervisory guidance, and the terms of the Consent Order; (iv) to submit a plan to ensure appropriate controls and oversight of the Bank's activities with respect to the Mortgage Electronic Registration System; (v) to take certain other actions with respect to its mortgage servicing and foreclosure operations; and (vi) to conduct a foreclosure review through an independent consultant on certain residential foreclosure actions. On April 4, 2011, Wells Fargo & Company (Wells Fargo) entered into a Consent Order with the Board of Governors of the Federal Reserve pursuant to which Wells Fargo agreed, among other things, (i) to ensure the Bank's compliance with the OCC Consent Order; (ii) to develop for the Federal Reserve's approval a written plan to enhance its Enterprise Risk Management with respect to oversight of residential mortgage loan servicing; (iii) to develop for the Federal Reserve's approval a written plan to enhance its enterprise-wide compliance program with respect to oversight of residential mortgage loan servicing; and (iv) to develop for the Federal Reserve's approval a written plan to enhance the internal audit program with respect to residential mortgage loan servicing. Neither Consent Order provided for civil money penalties but both government entities reserved the ability to seek such penalties and Wells Fargo reserved the ability to oppose the imposition of such penalties.

On July 20, 2011, Wells Fargo & Company and Wells Fargo Financial, Inc. entered into an Order to Cease and Desist and Order of Assessment of a Civil Money Penalty Issued Upon Consent (the "Order") with the Board of Governors of the Federal Reserve System (FRB) which resolved an investigation of Wells Fargo Financial's mortgage lending activities by the FRB. The Order provides, among other things, that (i) Wells Fargo shall submit to the FRB within 90 days of the Order a plan, acceptable to the FRB, for overseeing fraud prevention and detection and for compliance with certain federal and state laws applicable to unfair and deceptive practices and certain other laws applicable to mortgage lending; (ii) Wells Fargo shall submit to the FRB within 90 days of the Order a plan, acceptable to the FRB, for overseeing the implementation and modification of incentive compensation and performance management programs for sales, sales management and underwriting personnel with respect to mortgage lending within the Wells Fargo organization; (iii) Wells Fargo shall submit within 90 days of the Order a plan, acceptable to the FRB, for the remediation to borrowers who entered into loans with Wells Fargo Financial beginning January 1, 2004 through September 2008 where the loans were based on income documents that were altered or falsified by sales personnel; (iv) Wells Fargo shall submit within 90 days of the Order a plan, acceptable to the FRB, for the remediation to borrowers who received mortgage loans through Wells Fargo Financial at non-prime prices during the period from January 1, 2006 through September 2008 but whose mortgage loans may have qualified for prime pricing. In addition to these provisions to submit plans for compliance and compensation changes and for remediation payments to certain Wells Fargo Financial borrowers, the Order imposes a civil money penalty of $85 million on Wells Fargo.

Other government agencies, including state attorneys general and the U.S. Department of Justice, continue to investigate various mortgage related practices of the Bank. These investigations could result in material fines, penalties, equitable remedies (including requiring default servicing or other process changes), or other enforcement actions, and result in significant legal costs in responding to governmental investigations and additional litigation.

WACHOVIA EQUITY SECURITIES AND BONDS/NOTES LITIGATION The plaintiffs in the In re Wachovia Equity Securities Litigation and the Stichting Pensioenfords ABP, FC Holdings AB, Deka Investments GmbH and Forsta AP-Fonden cases have appealed the March 31, 2011 Decision and Order dismissing their cases.

Wells Fargo and the plaintiffs have agreed in principle to settle the In re Wachovia Preferred Securities and Bond/Notes Litigation for $590 million. The proposed settlement is subject to Court approval. The proposed settlement amount has been reflected in Wells Fargo's financial statements and will not have a material adverse effect on Wells Fargo's consolidated financial position.

OUTLOOK The Company establishes a liability for contingent litigation losses when it determines that a potential loss is both probable and estimable. In addition, for significant matters, the Company determines a range of potential loss that is

reasonably possible. The high end of the range of reasonably possible potential litigation losses in excess of the Company's liability for probable and estimable losses was $1.6 billion as of June 30, 2011. For these matters and others where an unfavorable outcome is reasonably possible but not probable, there may be a range of possible losses in excess of the established liability that cannot be estimated. Based on information currently available, advice of counsel, available insurance coverage and established reserves, Wells Fargo believes that the eventual outcome of the actions against Wells Fargo and/or its subsidiaries, including the matters described above, will not, individually or in the aggregate, have a material adverse effect on Wells Fargo's consolidated financial position. However, in the event of unexpected future developments, it is possible that the ultimate resolution of those matters, if unfavorable, may be material to Wells Fargo's results of operations for any particular period.

Note 11: Legal Actions

The following supplements our discussion of certain matters previously reported in Part I, Item 3 (Legal Proceedings) of our Annual Report on Form 10-K for the year ended December 31, 2010 and in Part II, Item 1 (Legal Proceedings) of our Quarterly Reports on Form 10-Q for the periods ended March 31, 2011 and June 30, 2011.

ELAVON LITIGATION The parties have agreed to settle the case. Payment will occur upon final documentation of the settlement. The settlement was accounted for in prior periods and will not have an adverse effect on the Company's consolidated financial position.

ERISA LITIGATION The U.S. District Court for the District of Minnesota granted final approval of the $17.5 million settlement in *Figas v. Wells Fargo & Company, et al.*, on August 9, 2011.

The U. S. District Court for the Western District of North Carolina granted final approval of the $12.4 million settlement in *In re Wachovia Corporation ERISA Litigation* on October 24, 2011.

ILLINOIS ATTORNEY GENERAL LITIGATION On October 26, 2011 the Illinois Court issued an order granting, in part, and denying, in part, Wells Fargo's motion to dismiss. The Court dismissed Wells Fargo & Company as a party and dismissed Count III of the complaint, which alleged violations of the Illinois Fair Lending Act. The Court denied the remainder of the motion to dismiss.

IN RE WELLS FARGO MORTGAGE-BACKED CERTIFICATES LITIGATION On May 27, 2011, Wells Fargo and the plaintiffs agreed to settle the matter captioned *In re Wells Fargo Mortgage-Backed Securities Litigation* for $125 million. On July 26, 2011, the Court entered an order preliminarily approving the settlement. The hearing on final approval of the settlement took place on October 27, 2011, and we await the Court's ruling. Some class members have opted out of the settlement, with the most significant being the Federal National Mortgage Association (Fannie Mae), the Federal Home Loan Mortgage Corporation (Freddie Mac) and American International Group, Inc.

On April 20, 2011, a case captioned *Federal Home Loan of Boston v. Ally Financial, Inc., et al.*, was filed in the Superior Court of the Commonwealth of Massachusetts for the County of Suffolk. The case names, among a large number of parties, Wells Fargo & Company, Wells Fargo Asset Securitization Corporation and Wells Fargo Bank, National Association as parties and contains allegations substantially similar to the cases filed by the other Federal Home Loan Banks.

On April 28, 2011, a case captioned *The Union Central Life Insurance Company, et al. v. Credit Suisse First Boston Securities Corp., et al.*, was filed in the U.S. District Court for the Southern District of New York. Among other defendants, it names Wells Fargo Asset Securitization Corporation and Wells Fargo Bank, National Association. The case asserts various state law fraud claims and claims for violations of sections 10(b) and 20(a) of the Securities Exchange Act of 1934 on behalf of three insurance companies, relating to offerings of mortgage-backed securities from 2005 through 2007.

In addition, there are other cases involving other issuers of mortgage-backed certificates where Wells Fargo may have indemnity obligations because the pools of mortgages backing the certificates contain mortgages originated by Wells Fargo.

LE-NATURE'S, INC. The Le-Nature's cases have settled for the total sum of $95 million. The settlement was accounted for in prior periods and payment did not have an adverse effect on Wells Fargo's consolidated financial position.

MEDICAL CAPITAL CORPORATION LITIGATION Wells Fargo Bank, N.A. served as indenture trustee for debt issued by affiliates of Medical Capital Corporation, which was placed in receivership at the request of the Securities and Exchange Commission in August 2009. Since September 2009, Wells Fargo has been named as a defendant in various class and mass actions brought by holders of Medical Capital Corporation's debt, alleging that Wells Fargo breached contractual and other legal obligations owed to them and seeking unspecified damages.

The actions have been consolidated in the United States District Court for the Central District of California. On July 26, 2011, the District Court certified a class consisting of holders of notes issued by affiliates of Medical Capital Corporation and, on October 18, 2011, the Ninth Circuit Court of Appeals denied a petition seeking to appeal the class. certification order.

MUNICIPAL DERIVATIVES BID PRACTICES INVESTIGATION The plaintiffs and Wells Fargo agreed to settle the *In re Municipal Derivatives Antitrust Litigation* on October 21, 2011. The settlement is subject to court approval and, if approved, will result in Wells Fargo paying an amount equal to the greater of $37 million or 65% of the restitution amount of a future settlement, if any, with the various state Attorneys General of their investigation of Wachovia.

OUTLOOK The Company establishes a liability for contingent litigation losses when it determines that a potential loss is both probable and estimable. In addition, for significant matters, the Company determines a range of potential loss that is reasonably possible. The high end of the range of reasonably possible potential litigation losses in excess of the Company's liability for probable and estimable losses was $1.6 billion as of September 30, 2011. For these matters and others where an unfavorable outcome is reasonably possible but not probable, there may be a range of possible losses in excess of the established liability that cannot be estimated. Based on information currently available, advice of counsel, available insurance coverage and established reserves, Wells Fargo believes that the eventual outcome of the actions against Wells Fargo and/or its subsidiaries, including the matters described above, will not, individually or in the aggregate, have a material adverse effect on Wells Fargo's consolidated financial position.

Note 15: Legal Actions (Annual Report 2011) – as presented in 10-K issued 2/28/2012

Wells Fargo and certain of our subsidiaries are involved in a number of judicial, regulatory and arbitration proceedings concerning matters arising from the conduct of our business activities. These proceedings include actions brought against Wells Fargo and/or our subsidiaries with respect to corporate related matters and transactions in which Wells Fargo and/or our subsidiaries were involved. In addition, Wells Fargo and our subsidiaries may be requested to provide information or otherwise cooperate with government authorities in the conduct of investigations of other persons or industry groups.

Although there can be no assurance as to the ultimate outcome, Wells Fargo and/or our subsidiaries have generally denied, or believe we have a meritorious defense and will deny, liability in all significant litigation pending against us, including the matters described below, and we intend to defend vigorously each case, other than matters we describe as having settled. Reserves are established for legal claims when payments associated with the claims become probable and the costs can be reasonably estimated. The actual costs of resolving legal claims may be substantially higher or lower than the amounts reserved for those claims.

ILLINOIS ATTORNEY GENERAL LITIGATION On July 31, 2009, the Attorney General for the State of Illinois filed a civil lawsuit against Wells Fargo & Company, Wells Fargo Bank, N.A. and Wells Fargo Financial Illinois, Inc. in the Circuit Court for Cook County, Illinois. The Illinois Attorney General alleges that the Wells Fargo defendants engaged in illegal discrimination by "reverse redlining" and by steering African-American and Latino customers into high cost, subprime mortgage loans while other borrowers with similar incomes received lower cost mortgages. Illinois also alleges that Wells Fargo Financial Illinois, Inc. misled Illinois customers about the terms of mortgage loans. Illinois' complaint against all Wells Fargo defendants is based on alleged violation of the Illinois Human Rights Act and the Illinois Fairness in Lending Act. The complaint also alleges that Wells Fargo Financial Illinois, Inc. violated the Illinois Consumer Fraud and Deceptive Business Practices Act and the Illinois Uniform Deceptive Trade Practices Act. Illinois' complaint seeks an injunction against the defendants' alleged violation of these Illinois statutes, restitution to consumers and civil money penalties. On October 26, 2011, the Illinois Court issued an order granting, in part, and denying, in part, Wells Fargo's motion to dismiss. The Court dismissed Wells Fargo & Company as a party and dismissed Count III of the complaint, which alleged violations of the Illinois Fair Lending Act. The Court denied the remainder of the motion to dismiss.

INTERCHANGE LITIGATION Wells Fargo Bank, N.A., Wells Fargo & Company, Wachovia Bank, N.A. and Wachovia Corporation are named as defendants, separately or in combination, in putative class actions filed on behalf of a plaintiff class of merchants and in individual actions brought by individual merchants with regard to the interchange fees associated

with Visa and MasterCard payment card transactions. These actions have been consolidated in the United States District Court for the Eastern District of New York. Visa, MasterCard and several banks and bank holding companies are named as defendants in various of these actions. The amended and consolidated complaint asserts claims against defendants based on alleged violations of federal and state antitrust laws and seeks damages, as well as injunctive relief. Plaintiff merchants allege that Visa, MasterCard and payment card issuing banks unlawfully colluded to set interchange rates. Plaintiffs also allege that enforcement of certain Visa and MasterCard rules and alleged tying and bundling of services offered to merchants are anticompetitive. Wells Fargo and Wachovia, along with other defendants and entities, are parties to Loss and Judgment Sharing Agreements, which provide that they, along with other entities, will share, based on a formula, in any losses from the Interchange Litigation.

MEDICAL CAPITAL CORPORATION LITIGATION Wells Fargo Bank, N.A. served as indenture trustee for debt issued by affiliates of Medical Capital Corporation, which was placed in receivership at the request of the Securities and Exchange Commission (SEC) in August 2009. Since September 2009, Wells Fargo has been named as a defendant in various class and mass actions brought by holders of Medical Capital Corporation's debt, alleging that Wells Fargo breached contractual and other legal obligations owed to them and seeking unspecified damages. The actions have been consolidated in the United States District Court for the Central District of California. On July 26, 2011, the District Court certified a class consisting of holders of notes issued by affiliates of Medical Capital Corporation and, on October 18, 2011, the Ninth Circuit Court of Appeals denied a petition seeking to appeal the class certification order.

MORTGAGE-BACKED CERTIFICATES LITIGATION Several securities law based putative class actions were consolidated in the U.S. District Court for the Northern District of California on July 16, 2009, under the caption In re Wells Fargo Mortgage-Backed Certificates Litigation. The case asserted claims against several Wells Fargo mortgage backed securities trusts, Wells Fargo Bank, N.A. and other affiliated entities, individual employee defendants, along with various underwriters and rating agencies. The plaintiffs alleged that the offering documents contain untrue statements of material fact, or omit to state material facts necessary to make the registration statements and accompanying prospectuses not misleading. The parties agreed to settle the case on May 27, 2011, for $125 million. Final approval of the settlement was entered on November 14, 2011. Some class members opted out of the settlement, with the most significant being the Federal National Mortgage Association (Fannie Mae), the Federal Home Loan Mortgage Corporation (Freddie Mac) and American International Group, Inc.

On June 29, 2010, and on July 15, 2010, two complaints, the first captioned The Charles Schwab Corporation vs. Merrill Lynch, Pierce, Fenner & Smith, Inc., et al., and the second captioned The Charles Schwab Corporation v. BNP Paribas Securities Corp., et al., were filed in the Superior Court for the State of California, San Francisco County against a number of defendants, including Wells Fargo Bank, N.A. and Wells Fargo Asset Securities Corporation. As against the Wells Fargo entities, the new cases assert opt out claims relating to the claims alleged in the Mortgage-Backed Certificates Litigation.

On October 15, 2010, three actions, captioned Federal Home Loan Bank of Chicago v. Banc of America Funding Corporation, et al. (filed in the Cook County Circuit Court, State of Illinois); Federal Home Loan Bank of Chicago v. Banc of America Securities LLC, et al. (filed in the Superior Court of the State of California for the County of Los Angeles); and Federal Home Loan Bank of Indianapolis v. Banc of America Mortgage America Securities, Inc., et al. (filed in the Superior Court of the State of Indiana for the County of Marion), named multiple defendants, described as issuers/depositors, and underwriters/dealers of private label mortgage-backed securities, in an action asserting claims that defendants used false and misleading statements in offering documents for the sale of such securities. The Bank of Chicago asserts that it purchased approximately $4.2 billion and the Bank of Indianapolis asserts that it purchased nearly $3 billion of such securities from the defendants. Plaintiffs seek rescission of the sales and damages under state securities and other laws and Section 11 of the Securities Act of 1933. Wells Fargo Asset Securities Corporation, Wells Fargo Bank, N.A. and Wells Fargo & Company were named among the defendants.

On April 20, 2011, a case captioned Federal Home Loan of Boston v. Ally Financial, Inc., et al., was filed in the Superior Court of the Commonwealth of Massachusetts for the County of Suffolk. The case names, among a large number of parties, Wells Fargo & Company, Wells Fargo Asset Securitization Corporation and Wells Fargo Bank, N.A. as parties and contains allegations substantially similar to the cases filed by the other Federal Home Loan Banks.

On April 28, 2011, a case captioned The Union Central Life Insurance Company, et al. v. Credit Suisse First Boston Securities Corp., et al., was filed in the U.S. District Court for the Southern District of New York. Among other defendants, it names Wells Fargo Asset Securitization Corporation and Wells Fargo Bank, N.A. The case asserts various

state law fraud claims and claims for violations of Sections 10(b) and 20(a) of the Securities Exchange Act of 1934 on behalf of three insurance companies, relating to offerings of mortgage-backed securities from 2005 through 2007.

In addition, there are other mortgage-related threatened or asserted claims by entities or investors where Wells Fargo may have indemnity or repurchase obligations, or as to which it has entered into agreements to toll the relevant statutes of limitations.

MORTGAGE FORECLOSURE DOCUMENT LITIGATION Eight purported class actions and several individual borrower actions related to foreclosure document practices were filed in late 2010 and in early 2011 against Wells Fargo Bank, N.A. in its status as mortgage servicer or corporate trustee of mortgage trusts. The cases have been brought in state and federal courts. Five of the class actions have been dismissed or otherwise resolved. Of the individual borrower cases, the majority are filed in state courts in California and Ohio. The actions generally claim that Wells Fargo submitted "fraudulent" or "untruthful" affidavits or other foreclosure documents to courts to support foreclosures filed in the state. Specifically, plaintiffs allege that Wells Fargo signers did not have personal knowledge of the facts alleged in the documents and did not verify the information in the documents ultimately filed with courts to foreclose. Plaintiffs attempt to state legal claims ranging from wrongful foreclosure to deceptive practices or fraud and seek relief ranging from cancellation of notes and mortgages to money damages.

MORTGAGE RELATED REGULATORY INVESTIGATIONS On April 13, 2011, Wells Fargo Bank, N.A. entered into a Consent Order with the OCC and Wells Fargo & Company entered into a Consent Order with the Board of Governors of the Federal Reserve System in connection with Wells Fargo's mortgage foreclosure practices. The Consent Orders require Wells Fargo to develop and implement certain compliance programs and to take other remedial steps, which Wells Fargo is doing. On February 9, 2012, the OCC and Federal Reserve announced that they had also imposed civil money penalties of $83 million and $85 million, respectively, related to the Consent Orders. These penalties will be satisfied through payments made under a separate simultaneous settlement in principle, announced on the same day, among the Department of Justice (DOJ), a task force of Attorneys General from 49 states, other government entities, Wells Fargo and four other mortgage servicers related to mortgage servicing and foreclosure practices. Under the settlement in principle, Wells Fargo agreed to the following commitments, comprised of three components totaling $5.3 billion:

Consumer Relief Program For qualified borrowers with financial hardship and a loan owned and serviced by Wells Fargo, a commitment to provide $3.4 billion in aggregate consumer relief and assistance programs, including expanded first and second mortgage modifications that broaden the use of principal reduction to help customers achieve affordability, an expanded short sale program that includes waivers of deficiency balances, forgiveness of arrearages for unemployed borrowers, cash-for-keys payments to borrowers who voluntarily vacate properties, and "anti-blight" provisions designed to reduce the impact on communities of vacant properties. As of December 31, 2011, the expected impact of the Consumer Relief Program was covered in our allowance for credit losses and in the nonaccretable difference relating to our purchased credit-impaired residential mortgage portfolio.
Refinance Program For qualified borrowers with little or negative equity in their home and a loan owned and serviced by Wells Fargo, an expanded first-lien refinance program commitment estimated to provide $900 million of aggregate payment relief over the life of the refinanced loans. The Refinance Program will not result in any current-period charge as its impact will be recognized over a period of years in the form of lower interest income as qualified borrowers benefit from reduced interest rates on loans refinanced under the program.
Foreclosure Assistance Payment $1 billion paid directly to the federal government and the participating states for their use to address the impact of foreclosure challenges as they see fit and which may include direct payments to consumers. As of December 31, 2011, we had fully accrued for the Foreclosure Assistance Payment.

Government agencies continue investigations or examinations of other mortgage related practices of Wells Fargo. The investigations relate to two main topics, (1) whether Wells Fargo may have violated fair lending or other laws and regulations relating to mortgage origination practices; and (2) whether Wells Fargo properly disclosed in offering documents for its residential mortgage-backed securities the facts and risks associated with those securities. Wells Fargo has received a Wells notice from SEC staff relating to Wells Fargo's disclosures in mortgage-backed securities offering documents. Wells Fargo continues to provide information requested by the various agencies in connection with certain investigations.

MUNICIPAL DERIVATIVES BID PRACTICES INVESTIGATION The DOJ and the SEC, beginning in November 2006, requested information from a number of financial institutions, including Wachovia Bank, N.A.'s municipal derivatives group, with regard to competitive bid practices in the municipal derivative markets. Other state and federal

agencies subsequently also began investigations of the same practices. On December 8, 2011, a global resolution of the Wachovia Bank investigations was announced by DOJ, the Internal Revenue Service, the SEC, the OCC and a group of State Attorneys General. The investigations were settled with Wachovia Bank agreeing to pay a total of approximately $148 million in penalties and remediation to the various agencies.

Wachovia Bank, along with a number of other banks and financial services companies, was named as a defendant in a number of substantially identical purported class actions and individual actions filed in various state and federal courts by various municipalities alleging they have been damaged by the activity which is the subject of the government investigations. These cases were either consolidated under the caption In re Municipal Derivatives Antitrust Litigation or administered jointly with that action in the U.S. District Court for the Southern District of New York. The plaintiffs and Wells Fargo agreed to settle the In re Municipal Derivatives Antitrust Litigation on October 21, 2011. The settlement is subject to court approval and, if finally approved, will result in Wells Fargo paying the amount of $37 million. The settlement was preliminarily approved on December 27, 2011.

ORDER OF POSTING LITIGATION A series of putative class actions have been filed against Wachovia Bank, N.A. and Wells Fargo Bank, N.A., as well as many other banks, challenging the high to low order in which the Banks post debit card transactions to consumer deposit accounts. There are currently several such cases pending against Wells Fargo Bank (including the Wachovia Bank cases to which Wells Fargo succeeded), most of which have been consolidated in multi-district litigation proceedings in the U.S. District Court for the Southern District of Florida. The bank defendants moved to compel these cases to arbitration under recent Supreme Court authority. On November 22, 2011, the Judge denied the motion. The Banks have appealed the decision to the U.S. Court of Appeals for the Eleventh Circuit.

On August 10, 2010, the U.S. District Court for the Northern District of California issued an order in Gutierrez v. Wells Fargo Bank, N.A., a case that was not consolidated in the multi-district proceedings, enjoining the Bank's use of the high to low posting method for debit card transactions with respect to the plaintiff class of California depositors, directing that the Bank establish a different posting methodology and ordering remediation of approximately $203 million. On October 26, 2010, a final judgment was entered in Gutierrez. On October 28, 2010, Wells Fargo appealed to the U.S. Court of Appeals for the Ninth Circuit.

WACHOVIA EQUITY SECURITIES AND BONDS/NOTES LITIGATION A securities class action, now captioned In re Wachovia Equity Securities Litigation, has been pending under various names since July 7, 2008, in the U.S. District Court for the Southern District of New York alleging violations of Sections 10(b) and 20(a) of the Securities Exchange Act of 1934. Among other allegations, plaintiffs allege Wachovia's common stock price was artificially inflated as a result of allegedly misleading disclosures relating to the Golden West Financial Corp. mortgage portfolio, Wachovia's exposure to other mortgage related products such as CDOs, control issues and auction rate securities. There are four additional cases (not class actions) containing allegations similar to the allegations in the In re Wachovia Equity Securities Litigation captioned Stichting Pensioenfonds ABP v. Wachovia Corp. et al., FC Holdings AB, et al. v. Wachovia Corp., et al., Deka Investment GmbH v. Wachovia Corp. et al. and Forsta AP-Fonden v. Wachovia Corp., et al. , respectively, which were filed in the U.S. District Court for the Southern District of New York. On March 31, 2011, the U.S. District Court for the Southern District of New York entered a Decision and Order granting Wachovia's motions to dismiss the In re Wachovia Equity Securities Litigation and the Stichting Pensioenfonds ABP, FC Holdings AB, Deka Investment GmbH and Forsta AP-Fonden cases. Plaintiffs and Wells Fargo have agreed to settle the Equity Securities Litigation for $75 million and on January 27, 2012, the Court entered an order preliminarily approving the settlement. A fairness hearing on final approval of the settlement is scheduled for June 1, 2012.

After a number of procedural motions, three purported class action cases alleging violations of Sections 11, 12, and 15 of the Securities Act of 1933 as a result of allegedly misleading disclosures relating to the Golden West mortgage portfolio in connection with Wachovia's issuance of various preferred securities and bonds were transferred to the U.S. District Court for the Southern District of New York. A consolidated class action complaint was filed on September 4, 2009, and the matter was captioned In Re Wachovia Preferred Securities and Bond/Notes Litigation. On March 31, 2011, by the same Decision and Order referenced above, the court also granted in part and denied in part Wachovia's motion to dismiss the In re Wachovia Preferred Securities and Bond/Notes Litigation , allowing that case to go forward after limiting the number of offerings at issue. Wells Fargo and the plaintiffs agreed to settle the In re Wachovia Preferred Securities and Bond/Notes Litigation for $590 million. The proposed settlement was preliminarily approved by the Court on August 9, 2011. The hearing on final approval was held on November 14, 2011, and a judgment approving class action settlements was filed on January 3, 2012.

There are a number of other similar actions filed in state courts in North Carolina and South Carolina by individual shareholders. Two of the individual shareholder actions in South Carolina have been dismissed and the shareholders have appealed. On December 22, 2011, the dismissal of the Rivers v. Wachovia Corporation, et al. case, one of the two South Carolina actions, was affirmed by the U.S. Court of Appeals for the Fourth Circuit.

OUTLOOK When establishing a liability for contingent litigation losses, the Company determines a range of potential losses for each matter that is both probable and estimable, and records the amount it considers to be the best estimate within the range. The high end of the range of reasonably possible potential litigation losses in excess of the Company's liability for probable and estimable losses was $1.2 billion as of December 31, 2011. For these matters and others where an unfavorable outcome is reasonably possible but not probable, there may be a range of possible losses in excess of the established liability that cannot be estimated. Based on information currently available, advice of counsel, available insurance coverage and established reserves, Wells Fargo believes that the eventual outcome of the actions against Wells Fargo and/or its subsidiaries, including the matters described above, will not, individually or in the aggregate, have a material adverse effect on Wells Fargo's consolidated financial position. However, in the event of unexpected future developments, it is possible that the ultimate resolution of those matters, if unfavorable, may be material to Wells Fargo's results of operations for any particular period.

Form 10-Q
WELLS FARGO & COMPANY/MN - WFC
Filed: May 08, 2012 (period: March 31, 2012)

Note 11: Legal Actions

The following supplements our discussion of certain matters previously reported in Part I, Item 3 (Legal Proceedings) of our 2011 Form 10-K for events occurring in first quarter 2012.

MORTGAGE-BACKED CERTIFICATES LITIGATION On April 28, 2011, a case captioned The Union Central Life Insurance Company, et al. v. Credit Suisse First Boston Securities Corp., et al., was filed in the U.S. District Court for the Southern District of New York. Among other defendants, it names Wells Fargo Asset Securitization Corporation and Wells Fargo Bank, N.A. The case asserts various state law fraud claims and claims for violations of Sections 10(b) and 20(a) of the Securities Exchange Act of 1934 on behalf of three insurance companies, relating to offerings of mortgage-backed securities from 2005 through 2007. In February 2012, the plaintiffs and Wells Fargo agreed to a settlement in principle of claims against the Wells Fargo entities and are in the process of documenting that settlement.

MORTGAGE RELATED REGULATORY INVESTIGATIONS Government agencies continue investigations or examinations of other mortgage related practices of Wells Fargo. The investigations relate to two main topics: (1) whether Wells Fargo may have violated fair lending or other laws and regulations relating to mortgage origination practices; and (2) whether Wells Fargo properly disclosed in offering documents for its residential mortgage-backed securities the facts and risks associated with those securities. With respect to (1), the Department of Justice has advised Wells Fargo that it believes it can bring claims against Wells Fargo for monetary damages and civil penalties under fair lending laws. We believe such claims should not be brought and continue seeking to demonstrate to the Department of Justice our compliance with fair lending laws.

OUTLOOK When establishing a liability for contingent litigation losses, the Company determines a range of potential losses for each matter that is both probable and estimable, and records the amount it considers to be the best estimate within the range. The high end of the range of reasonably possible potential litigation losses in excess of the Company's liability for probable and estimable losses was $927 million as of March 31, 2012. For these matters and others where an unfavorable outcome is reasonably possible but not probable, there may be a range of possible losses in excess of the established liability that cannot be estimated. Based on information currently available, advice of counsel, available insurance coverage and established reserves, Wells Fargo believes that the eventual outcome of the actions against Wells Fargo and/or its subsidiaries, including the matters described above, will not, individually or in the aggregate, have a material adverse effect on Wells Fargo's consolidated financial position. However, in the event of unexpected future developments, it is possible that the ultimate resolution of those matters, if unfavorable, may be material to Wells Fargo's results of operations for any particular period.

Form 10-Q
WELLS FARGO & COMPANY/MN - WFC

Note 11: Legal Actions 10-Q Filed August 7, 2012 (period: June 30, 2012)

The following supplements our discussion of certain matters previously reported in Part I, Item 3 (Legal Proceedings) of our 2011 Form 10-K, for events occurring in first quarter 2012, and Part II, Item 1 (Legal Proceedings) of our 2012 first quarter Quarterly Report on Form 10-Q for events occurring in second quarter 2012.

ILLINOIS ATTORNEY GENERAL LITIGATION On July 31, 2009, the Attorney General for the State of Illinois filed a civil lawsuit against Wells Fargo & Company, Wells Fargo Bank, N.A. and Wells Fargo Financial Illinois, Inc. in the Circuit Court for Cook County, Illinois. The Illinois Attorney General alleges that the Wells Fargo defendants engaged in discrimination by "reverse redlining" and by steering African-American and Latino customers into high cost, subprime mortgage loans while other borrowers with similar incomes received lower cost mortgages. Illinois also alleges that Wells Fargo Financial Illinois, Inc. misled Illinois customers about the terms of mortgage loans. Illinois' complaint against all Wells Fargo defendants is based on alleged violation of the Illinois Human Rights Act and the Illinois Fairness in Lending Act. On July 12, 2012, the case was resolved by entry of a Final Judgment and Consent Decree by the Circuit Court. The resolution calls for Illinois to receive $8 million in victim relief and certain community assistance as provided for in a settlement with the Civil Rights Division of the Department of Justice (DOJ) described in more detail in the Mortgage Related Regulatory Investigations section below.

INTERCHANGE LITIGATION Wells Fargo Bank, N.A., Wells Fargo & Company, Wachovia Bank, N.A. and Wachovia Corporation are named as defendants, separately or in combination, in putative class actions filed on behalf of a plaintiff class of merchants and in individual actions brought by individual merchants with regard to the interchange fees associated with Visa and MasterCard payment card transactions. These actions have been consolidated in the United States District Court for the Eastern District of New York. Visa, MasterCard and several banks and bank holding companies are named as defendants in various of these actions. The amended and consolidated complaint asserts claims against defendants based on alleged violations of federal and state antitrust laws and seeks damages, as well as injunctive relief. Plaintiff merchants allege that Visa, MasterCard and payment card issuing banks unlawfully colluded to set interchange rates. Plaintiffs also allege that enforcement of certain Visa and MasterCard rules and alleged tying and bundling of services offered to merchants are anticompetitive. Wells Fargo and Wachovia, along with other defendants and entities, are parties to Loss and Judgment Sharing Agreements, which provide that they, along with other entities, will share, based on a formula, in any losses from the Interchange Litigation. On July 13, 2012, Visa, MasterCard and the financial institution defendants, including Wells Fargo, signed a memorandum of understanding with plaintiff merchants to resolve the consolidated class actions and reached a separate settlement in principle of the consolidated individual actions. The proposed settlement payments for the consolidated class and individual actions are approximately $6.6 billion. The class settlement also provides for the distribution to class merchants of 10 basis points of default interchange across all credit rate categories for a period of eight consecutive months. The settlements are subject to further approval.

MEDICAL CAPITAL CORPORATION LITIGATION Wells Fargo Bank, N.A. served as indenture trustee for debt issued by affiliates of Medical Capital Corporation, which was placed in receivership at the request of the Securities and Exchange Commission (SEC) in August 2009. Since September 2009, Wells Fargo has been named as a defendant in various class and mass actions brought by holders of Medical Capital Corporation's debt, alleging that Wells Fargo breached contractual and other legal obligations owed to them and seeking unspecified damages. The actions have been consolidated in the United States District Court for the Central District of California. Wells Fargo has reached a conditional settlement in principle with the receiver for Medical Capital Corporation and its affiliates.

MORTGAGE-BACKED CERTIFICATES LITIGATION On April 28, 2011, a case captioned *The Union Central Life Insurance Company, et al. v. Credit Suisse First Boston Securities Corp., et al.*, was filed in the U.S. District Court for the Southern District of New York. Among other defendants, it named Wells Fargo Asset Securities Corporation and Wells Fargo Bank, N.A. The case asserted various state law fraud claims and claims for violations of Sections 10(b) and 20(a) of the Securities Exchange Act of 1934 on behalf of three insurance companies, relating to offerings of mortgage-backed securities from 2005 through 2007. In June 2012, the plaintiffs and Wells Fargo entered into a final settlement agreement and the claims against Wells Fargo were voluntarily dismissed with prejudice.

On April 20, 2011, a case captioned *Federal Home Loan of Boston v. Ally Financial, Inc., et al.*, was filed in the Superior Court of the Commonwealth of Massachusetts for the County of Suffolk. The complaint names, among a large

number of defendants, Wells Fargo & Company, Wells Fargo Asset Securities Corporation, and Wells Fargo Bank, N.A., and contains allegations substantially similar to the cases filed by the other Federal Home Loan Banks. Plaintiffs seek rescission of the sales of private label mortgage-backed securities and damages under state securities and other laws. Defendants removed the case to the U. S. District Court for the District of Massachusetts.

MORTGAGE RELATED REGULATORY INVESTIGATIONS Government agencies and authorities continue investigations or examinations of certain mortgage related practices of Wells Fargo. The current investigations relate to two main topics: (1) whether Wells Fargo complied with laws and regulations relating to mortgage origination practices, including laws and regulations related to fair lending and Federal Housing Administration insured residential home loans; and (2) whether Wells Fargo properly disclosed in offering documents for its residential mortgage-backed securities the facts and risks associated with those securities. On July 12, 2012, the DOJ filed a complaint captioned United States of America v. Wells Fargo Bank, N.A. in the U.S. District Court for the District of Columbia. The complaint alleged violations of the Fair Housing Act and the Equal Credit Opportunity Act (ECOA) with respect to Wells Fargo's residential mortgage lending operations during the period 2004 – 2008. Simultaneously with the filing of the complaint, a Consent Decree executed between the DOJ and Wells Fargo was filed providing for a consensual resolution of the complaint. In the Consent Decree, Wells Fargo denied that it had violated the Fair Housing Act or ECOA, but agreed to resolve the matter by paying $125 million in connection with pricing and product placement allegations primarily relating to mortgages priced and sold to consumers by third party brokers through the Wholesale Division of Wells Fargo Home Mortgage. In addition, Wells Fargo agreed to pay $50 million to fund a community support program in approximately eight cities or metropolitan statistical areas, with details yet to be agreed upon between the DOJ and Wells Fargo. Wells Fargo also agreed to undertake an internal lending compliance review of a small percentage of subprime mortgages delivered through its Retail channel during the period 2004 – 2008 and will rebate to borrowers as appropriate. Of the $125 million, $8 million and $2 million are specifically allocated to Illinois and Pennsylvania, respectively, to resolve matters in those states.

SECURITIES LENDING LITIGATION Wells Fargo Bank, N.A. is involved in ten separate pending actions brought by securities lending customers of Wells Fargo and Wachovia Bank in various courts. In general, each of the cases alleges that Wells Fargo violated fiduciary and contractual duties by investing collateral for loaned securities in investments that suffered losses. One case, brought by the City of St. Petersburg in the U.S. District Court for the Middle District of Florida, resulted in an April 2012 verdict against Wells Fargo in the amount of $10 million plus interest. Wells Fargo has filed post-trial motions to set aside the verdict. In addition, on March 27, 2012, a class of Wells Fargo securities lending customers was certified in a case captioned *City of Farmington Hills Employees Retirement System v. Wells Fargo Bank, N.A.*, which is pending in the U.S. District Court for the District of Minnesota. Wells Fargo sought interlocutory review of the class certification in the U.S. Court of Appeals for the Eighth Circuit. The Eighth Circuit declined such review on May 7, 2012.

WACHOVIA EQUITY SECURITIES AND BONDS/NOTES LITIGATION A securities class action, now captioned In re Wachovia Equity Securities Litigation, has been pending under various names since July 7, 2008, in the U.S. District Court for the Southern District of New York alleging violations of Sections 10(b) and 20(a) of the Securities Exchange Act of 1934. Among other allegations, plaintiffs allege Wachovia's common stock price was artificially inflated as a result of allegedly misleading disclosures relating to the Golden West Financial Corp. mortgage portfolio, Wachovia's exposure to other mortgage related products such as CDOs, control issues and auction rate securities. On March 31, 2011, the U.S. District Court for the Southern District of New York entered a Decision and Order granting Wachovia's motions to dismiss the In re Wachovia Equity Securities Litigation and the Stichting Pensioenfonds ABP, FC Holdings AB, Deka Investment GmbH and Forsta AP-Fonden cases. Plaintiffs and Wells Fargo have agreed to settle the Equity Securities Litigation for $75 million and on January 27, 2012, the Court entered an order preliminarily approving the settlement. On June 12, 2012, an Order finally approving the class action settlement was entered.

There were four similar actions filed in state courts in North Carolina and South Carolina by individual shareholders. Three of these individual shareholder actions have been finally dismissed and the dismissal of the fourth is on appeal.

OUTLOOK When establishing a liability for contingent litigation losses, the Company determines a range of potential losses for each matter that is both probable and estimable, and records the amount it considers to be the best estimate within the range. The high end of the range of reasonably possible potential litigation losses in excess of the Company's liability for probable and estimable losses was $1.2 billion as of June 30, 2012. For these matters and others where an unfavorable outcome is reasonably possible but not probable, there may be a range of possible losses in excess of the established liability that cannot be estimated. Based on information currently available, advice of counsel, available insurance coverage and established reserves, Wells Fargo believes that the eventual outcome of the actions against Wells

Fargo and/or its subsidiaries, including the matters described above, will not, individually or in the aggregate, have a material adverse effect on Wells Fargo's consolidated financial position. However, in the event of unexpected future developments, it is possible that the ultimate resolution of those matters, if unfavorable, may be material to Wells Fargo's results of operations for any particular period.

Note 11: Legal Actions 10-Q Period ending September 30, 2012 – Filed November 6, 2012

The following supplements our discussion of certain matters previously reported in Part I, Item 3 (Legal Proceedings) of our 2011 Form 10-K, and Part II, Item 1 (Legal Proceedings) of our 2012 first and second quarter Quarterly Reports on Form 10-Q for events occurring in third quarter 2012.

FHA INSURANCE LITIGATION On October 9, 2012, the United States filed a complaint, captioned United States of America v. Wells Fargo Bank, N.A. , in the U.S. District Court for the Southern District of New York. The complaint makes claims with respect to Wells Fargo's FHA lending program for the period 2001 to 2010. The complaint alleges, among other allegations, that Wells Fargo improperly certified certain FHA mortgage loans for FHA insurance that did not qualify for the program, and therefore Wells Fargo should not have received insurance proceeds from FHA when some of the loans later defaulted. The complaint further alleges Wells Fargo knew some of the mortgages did not qualify for insurance, and did not disclose the deficiencies to FHA before making insurance claims.

MORTGAGE FORECLOSURE DOCUMENT LITIGATION As previously disclosed, eight purported class actions and several individual borrower actions related to foreclosure document practices were filed in late 2010 and in early 2011 against Wells Fargo Bank, N.A. in its status as mortgage servicer or corporate trustee of mortgage trusts. Five of those cases had been previously dismissed or otherwise resolved. Two of the three remaining purported class actions were dismissed or otherwise resolved on October 3 and October 25, 2012. As a result, seven of the eight purported class actions have now been dismissed or otherwise resolved.

MORTGAGE RELATED REGULATORY INVESTIGATIONS Government agencies and authorities continue investigations or examinations of certain mortgage related practices of Wells Fargo. The current investigations primarily relate to: (1) whether Wells Fargo complied with applicable laws, regulations and documentation requirements relating to mortgage origination and securitizations, including those at the former Wachovia Corporation; and (2) whether Wells Fargo properly disclosed in offering documents for its residential mortgage-backed securities the facts and risks associated with those securities. As previously disclosed, on July 12, 2012, the DOJ filed a complaint captioned United States of America v. Wells Fargo Bank, N.A. in the U.S. District Court for the District of Columbia. The complaint alleged violations of the Fair Housing Act and the Equal Credit Opportunity Act (ECOA) with respect to Wells Fargo's residential mortgage lending operations during the period 2004 – 2008. Simultaneously with the filing of the complaint, a Consent Decree executed between the DOJ and Wells Fargo was filed providing for a consensual resolution of the complaint. In the Consent Decree, Wells Fargo denied that it had violated the Fair Housing Act or ECOA, but agreed to resolve the matter by paying $125 million in connection with pricing and product placement allegations primarily relating to mortgages priced and sold to consumers by third party brokers through the Wholesale Division of Wells Fargo Home Mortgage. In addition, Wells Fargo agreed to pay $50 million to fund a community support program in approximately eight cities or metropolitan statistical areas, with details yet to be agreed upon between the DOJ and Wells Fargo. Wells Fargo also agreed to undertake an internal lending compliance review of a small percentage of subprime mortgages delivered through its Retail channel during the period 2004 – 2008 and will rebate to borrowers as appropriate. Of the $125 million, $8 million and $2 million are specifically allocated to Illinois and Pennsylvania, respectively, to resolve matters in those states. On September 20, 2012, the Court entered a Memorandum Opinion and Order approving and entering the Consent Order.

ORDER OF POSTING LITIGATION As previously disclosed, a series of putative class actions have been filed against Wachovia Bank, N.A. and Wells Fargo Bank, N.A., as well as many other banks, challenging the high to low order in which the Banks posted debit card transactions to consumer deposit accounts. There remain several such cases pending against Wells Fargo Bank (including the Wachovia Bank cases to which Wells Fargo succeeded), most of which have been consolidated in multi-district litigation proceedings in the U.S. District Court for the Southern District of Florida. The bank defendants moved to compel these cases to arbitration under recent Supreme Court authority. On November 22, 2011, the Judge denied the motion. On October 26, 2012, the U.S. Court of Appeals for the Eleventh Circuit affirmed the District Court's denial of the motion to compel arbitration.

WACHOVIA EQUITY SECURITIES AND BONDS/NOTES LITIGATION As previously disclosed, a securities class action, now captioned In re Wachovia Equity Securities Litigation, had been pending under various names since July 7, 2008, in the U.S. District Court for the Southern District of New York alleging violations of Sections 10(b) and 20(a) of the Securities Exchange Act of 1934. Among other allegations, plaintiffs alleged Wachovia's common stock price was artificially inflated as a result of allegedly misleading disclosures relating to the Golden West Financial Corp. mortgage portfolio, Wachovia's exposure to other mortgage related products such as CDOs, control issues and auction rate securities. There were four additional cases (not class actions) containing allegations similar to the allegations in the In re Wachovia Equity Securities Litigation captioned Stichting Pensioenfonds ABP v. Wachovia Corp. et al., FC Holdings AB, et al. v. Wachovia Corp., et al., Deka Investment GmbH v. Wachovia Corp. et al. and Forsta AP-Fonden v. Wachovia Corp., et al. , respectively, which were filed in the U.S. District Court for the Southern District of New York. On March 31, 2011, the U.S. District Court for the Southern District of New York entered a Decision and Order granting Wachovia's motions to dismiss the In re Wachovia Equity Securities Litigation and the Stichting Pensioenfonds ABP, FC Holdings AB, Deka Investment GmbH and Forsta AP-Fonden cases and all of those cases have subsequently been resolved. Plaintiffs and Wells Fargo agreed to settle the Equity Securities Litigation for $75 million and on January 27, 2012, the Court entered an order preliminarily approving the settlement. On June 12, 2012, an Order finally approving the class action settlement was filed.

There were four previously disclosed individual actions, containing allegations similar to the main In re Wachovia Equity Securities Litigation matter, filed in state courts in North Carolina and South Carolina. All four of those cases have now been finally dismissed.

OUTLOOK: When establishing a liability for contingent litigation losses, the Company determines a range of potential losses for each matter that is both probable and estimable, and records the amount it considers to be the best estimate within the range. The high end of the range of reasonably possible potential litigation losses in excess of the Company's liability for probable and estimable losses was $1.2 billion as of September 30, 2012. For these matters and others where an unfavorable outcome is reasonably possible but not probable, there may be a range of possible losses in excess of the established liability that cannot be estimated. Based on information currently available, advice of counsel, available insurance coverage and established reserves, Wells Fargo believes that the eventual outcome of the actions against Wells Fargo and/or its subsidiaries, including the matters described above, will not, individually or in the aggregate, have a material adverse effect on Wells Fargo's consolidated financial position. However, in the event of unexpected future developments, it is possible that the ultimate resolution of those matters, if unfavorable, may be material to Wells Fargo's results of operations for any particular period.

Form 8-K Filed November 28, 2012 (period: November 20, 2012)

Mortgage Related Regulatory Investigations

Wells Fargo & Company (the "Company") previously disclosed the receipt of a Wells notice from the staff of the Securities and Exchange Commission (the "Commission") relating to the Company's disclosures in mortgage-backed securities offering documents. On November 20, 2012, the Company was notified by the Commission's staff that this investigation has been completed and the staff does not intend to recommend any enforcement action by the Commission.

Form 8-K

WELLS FARGO & COMPANY/MN - WEFGL

Filed: December 21, 2012 (period: December 17, 2012)

TO: ALL HOLDERS OF WELLS FARGO & COMPANY ("WELLS FARGO") COMMON STOCK AS OF DECEMBER 13, 2012, WHO CONTINUE TO HOLD SUCH SHARES AS OF MARCH 5, 2013 ("CURRENT WELLS FARGO SHAREHOLDERS")

PLEASE TAKE NOTICE that the parties have reached a proposed settlement to resolve the derivative claims asserted on behalf of Wells Fargo in Feuer v. Thompson et al. , Civil Action No. 10-0279 YGR, Northern District of California, and Rogers v. Thompson et al. , Civil Action No. 12-0203 YGR, Northern District of California, referred to collectively below as "the Derivative Actions." The proposed settlement also will resolve claims set forth in certain Demand Letters (as defined in

the parties' Stipulation of Settlement). The claims asserted in the Derivative Actions, the Demand Letters, and certain other proceedings are collectively referred to as the "Released Claims."

PLEASE BE FURTHER ADVISED that pursuant to an Order of the United States District Court for the Northern District of California, a hearing will be held before the Honorable Yvonne Gonzalez Rogers, in Courtroom 5 of the United States Courthouse, 1301 Clay Street, Oakland, California, at 3:00 p.m., on March 5, 2013, to determine whether (i) the proposed settlement should be approved by the Court as fair, reasonable, and adequate; (ii) the Derivative Actions should be dismissed with prejudice; (iii) the individual defendants should be released from liability for any of the Released Claims; and (iv) the Court should award attorneys' fees and reimbursement of expenses for Plaintiffs' Counsel, and in what amount.

Plaintiffs' Counsel intend to apply to the Court for an award of attorneys' fees and expenses (the "Fee Application") in an amount not to exceed $2.5 million. Any attorneys'

fees and expenses awarded by the Court will be paid exclusively by Wells Fargo. The Fee Application will be filed with the Court by January 4, 2013, and available to Wells Fargo Shareholders by January 6, 2013. Wells Fargo has not agreed to any fee award and reserves the right to oppose the Fee Application, in whole or in part, regardless of the amount sought.

The proposed settlement obligates Wells Fargo's Board of Directors to implement certain governance improvements as more fully set forth in the Stipulation of Settlement. It does not involve the payment of any funds by the defendants to Wells Fargo or to any of the plaintiffs. You may obtain detailed information about the terms of the proposed settlement, including the Complaints, motions to dismiss, the Stipulation of Settlement, the Preliminary Approval Order, the Fee Application and other documents, as well as all papers to be submitted in connection with the final approval process—at the website www.WFWachoviaDerivativeSettlement.com, or by contacting Counsel for Plaintiffs at any of the addresses below.

If you are a Current Wells Fargo Shareholder, you may have certain rights in connection with the proposed settlement, including the right to object to any aspect of the settlement. Every objection must be in writing and contain: (i) your name, address and telephone number; (ii) the number of shares of Wells Fargo stock you currently hold, together with third-party documentary evidence, such as the most recent account statement, showing such share ownership; and (iii) a detailed statement of your objections to any matter before the Court and all grounds therefore, including any supporting documents to be considered by the Court. If you do not submit written objections TO BE RECEIVED NO LATER THAN February 15, 2013, you shall not be entitled to contest the proposed settlement or Fee Application unless otherwise ordered by the Court for good cause shown. All such objections must identify the case number and must be filed with the Court at:

Clerk of the Court
United States District Court
1301 Clay Street
Oakland, CA 94612

Form 8-K

WELLS FARGO & COMPANY/MN - WEFGL

Filed: January 11, 2013 (period: January 11, 2013)

Independent Foreclosure Review Settlement
On January 7, 2013, the Company announced that, along with nine other mortgage servicers, it entered into settlement agreements with the Office of the Comptroller of the Currency (OCC) and the Federal Reserve Board (FRB) that would end their IFR programs created by Article VII of an April 2011 Interagency Consent Order and replace it with an accelerated remediation process.

In aggregate, the servicers have agreed to make direct, cash payments of $3.3 billion and to provide $5.2 billion in additional assistance, such as loan modifications, to consumers. Wells Fargo's portion of the cash settlement is $766 million, which is based on the proportionate share of Wells Fargo-serviced loans in the overall IFR population. Wells Fargo recorded a pre-tax charge of $644 million in fourth quarter 2012 to fully reserve for its cash payment portion of the settlement and additional remediation-related costs. The Company also committed an additional $1.2 billion to foreclosure prevention actions. This

commitment did not result in any charge as the Company believes that this commitment is covered through the existing allowance for credit losses and the nonaccretable difference relating to the purchased credit-impaired loan portfolios. With this settlement, the Company will no longer incur costs associated with the independent foreclosure reviews, which had recently approximated $125 million per quarter for external consultants and additional staffing.

"In addition to the benefit to our customers, we are very pleased to have put this legacy issue behind us and to have removed the future costs associated with independent foreclosure reviews," said Stumpf.

Note 15: Legal Actions

Wells Fargo and certain of our subsidiaries are involved in a number of judicial, regulatory and arbitration proceedings concerning matters arising from the conduct of our business activities. These proceedings include actions brought against Wells Fargo and/or our subsidiaries with respect to corporate related matters and transactions in which Wells Fargo and/or our subsidiaries were involved. In addition, Wells Fargo and our subsidiaries may be requested to provide information or otherwise cooperate with government authorities in the conduct of investigations of other persons or industry groups.

Although there can be no assurance as to the ultimate outcome, Wells Fargo and/or our subsidiaries have generally denied, or believe we have a meritorious defense and will deny, liability in all significant litigation pending against us, including the matters described below, and we intend to defend vigorously each case, other than matters we describe as having settled. Reserves are established for legal claims when payments associated with the claims become probable and the costs can be reasonably estimated. The actual costs of resolving legal claims may be substantially higher or lower than the amounts reserved for those claims.

FHA INSURANCE LITIGATION On October 9, 2012, the United States filed a complaint, captioned *United States of America v. Wells Fargo Bank, N.A.*, in the U.S. District Court for the Southern District of New York. The complaint makes claims with respect to Wells Fargo's Federal Housing Administration (FHA) lending program for the period 2001 to 2010. The complaint alleges, among other allegations, that Wells Fargo improperly certified certain FHA mortgage loans for United States Department of Housing and Urban Development (HUD) insurance that did not qualify for the program, and therefore Wells Fargo should not have received insurance proceeds from HUD when some of the loans later defaulted. The complaint further alleges Wells Fargo knew some of the mortgages did not qualify for insurance and did not disclose the deficiencies to HUD before making insurance claims. On December 1, 2012, Wells Fargo filed a motion in the U.S. District Court for the District of Columbia seeking to enforce a release of Wells Fargo given by the United States, which was denied on February 12, 2013. On December 14, 2012, the United States filed an amended complaint. On January 16, 2013, Wells Fargo filed a motion in the Southern District of New York to dismiss the amended complaint.

INTERCHANGE LITIGATION Wells Fargo Bank, N.A., Wells Fargo & Company, Wachovia Bank, N.A. and Wachovia Corporation are named as defendants, separately or in combination, in putative class actions filed on behalf of a plaintiff class of merchants and in individual actions brought by individual merchants with regard to the interchange fees associated with Visa and MasterCard payment card transactions. These actions have been consolidated in the U.S. District Court for the Eastern District of New York. Visa, MasterCard and several banks and bank holding companies are named as defendants in various of these actions. The amended and consolidated complaint asserts claims against defendants based on alleged violations of federal and state antitrust laws and seeks damages, as well as injunctive relief. Plaintiff merchants allege that Visa, MasterCard and payment card issuing banks unlawfully colluded to set interchange rates. Plaintiffs also allege that enforcement of certain Visa and MasterCard rules and alleged tying and bundling of services offered to merchants are anticompetitive. Wells Fargo and Wachovia, along with other defendants and entities, are parties to Loss and Judgment Sharing Agreements, which provide that they, along with other entities, will share, based on a formula, in any losses from the Interchange Litigation. On July 13, 2012, Visa, MasterCard and the financial institution defendants, including Wells Fargo, signed a memorandum of understanding with plaintiff merchants to resolve the consolidated class actions and reached a separate settlement in principle of the consolidated individual actions. The proposed settlement payments by all defendants in the consolidated class and individual actions total approximately $6.6 billion. The class settlement also provides for the distribution to class merchants of 10 basis points of default interchange across all credit rate categories for a period of eight consecutive months. The Court has granted preliminary approval of the settlements. The settlements are subject to further review and approval by the Court.

MEDICAL CAPITAL CORPORATION LITIGATION Wells Fargo Bank, N.A. served as indenture trustee for debt issued by affiliates of Medical Capital Corporation, which was placed in receivership at the request of the Securities and Exchange Commission (SEC) in August 2009. Since September 2009,
Wells Fargo has been named as a defendant in various class and mass actions brought by holders of Medical Capital Corporation's debt, alleging that Wells Fargo breached contractual and other legal obligations owed to them and seeking unspecified damages. The actions have been consolidated in the U.S. District Court for the Central District of California. On July 26, 2011, the District Court certified a class consisting of holders of notes issued by affiliates of Medical Capital Corporation and, on October 18, 2011, the Ninth Circuit Court of Appeals denied a petition seeking to appeal the class certification order. A previously disclosed potential settlement of the case was not consummated and the case is in discovery.

MARYLAND MORTGAGE LENDING LITIGATION On December 26, 2007, a class action complaint captioned *Denise Minter, et al., v. Wells Fargo Bank, N.A., et al.*, was filed in the U.S. District Court for the District of Maryland. The complaint alleges that Wells Fargo and others violated provisions of the Real Estate Settlement Procedures Act and other laws by conducting mortgage lending business improperly through a general partnership, Prosperity Mortgage Company. The complaint asserts that Prosperity Mortgage Company was not a legitimate affiliated business and instead operated to conceal Wells Fargo Bank, N.A.'s role in the loans at issue. A plaintiff class of borrowers who received a mortgage loan from Prosperity that was funded by Prosperity's line of credit with Wells Fargo Bank,

N.A. from 1993 to May 31, 2012 has been certified. The Court has scheduled a trial in this case for May 6, 2013. A second, related case is also pending in the same Court. On July 8, 2008, a class action complaint captioned *Stacey and Bradley Petry, et al., v. Wells Fargo Bank, N.A., et al.*, was filed. The complaint alleges that Wells Fargo and others violated the Maryland Finder's Fee Act in the closing of mortgage loans in Maryland. The Court certified a plaintiff class of borrowers whose loans are secured by Maryland real property, which loans showed Prosperity Mortgage Company as the lender receiving a fee for services, and were funded through a Wells Fargo line of credit to Prosperity from 1993 to May 31, 2012. The Court has scheduled a trial in this case for March 18, 2013.

MORTGAGE-BACKED CERTIFICATES LITIGATION Several securities law based putative class actions were consolidated in the U.S. District Court for the Northern District of California on July 16, 2009, under the caption *In re Wells Fargo Mortgage-Backed Certificates Litigation*. The case asserted claims against several Wells Fargo mortgage backed securities trusts, Wells Fargo Bank, N.A. and other affiliated entities, individual employee defendants, along with various underwriters and rating agencies. The plaintiffs alleged that the offering documents contain untrue statements of material fact, or omit to state material facts necessary to make the registration statements and accompanying prospectuses not misleading. The parties agreed to settle the case on May 27, 2011, for $125 million. Final approval of the settlement was entered on November 14, 2011. Some class members opted out of the settlement, with the most significant being the Federal National Mortgage Association (Fannie Mae) and the Federal Home Loan Mortgage Corporation (Freddie Mac).

On June 29, 2010, and on July 15, 2010, two complaints, the first captioned *The Charles Schwab Corporation vs. Merrill Lynch, Pierce, Fenner & Smith, Inc., et al.*, and the second captioned *The Charles Schwab Corporation v. BNP ParibasSecurities Corp., et al.*, were filed in the Superior Court for the State of California, San Francisco County against a number of defendants, including Wells Fargo Bank, N.A. and Wells Fargo Asset Securities Corporation. As against the Wells Fargo entities, the new cases assert opt out claims relating to the claims alleged in the Mortgage-Backed Certificates Litigation.

On October 15, 2010, three actions, captioned *Federal Home Loan Bank of Chicago v. Banc of America Funding Corporation, et al.* (filed in the Cook County Circuit Court, State of Illinois); *Federal Home Loan Bank of Chicago v. Banc of America Securities LLC, et al.* (filed in the Superior Court of the State of California for the County of Los Angeles); and *Federal Home Loan Bank of Indianapolis v. Banc of America Mortgage America Securities, Inc., et al.* (filed in the Superior Court of the State of Indiana for the County of Marion), named multiple defendants, described as issuers/depositors, and underwriters/dealers of private label mortgage-backed securities, in an action asserting claims that defendants used false and misleading statements in offering documents for the sale of such securities. Plaintiffs seek rescission of the sales and damages under state securities and other laws and Section 11 of the Securities Act of 1933. Wells Fargo Asset Securities Corporation, Wells Fargo Bank, N.A. and Wells Fargo & Company were named among the defendants. On April 20, 2011, a case captioned *Federal Home Loan of Boston v. Ally Financial, Inc., et al.*, was filed in the Superior Court of the Commonwealth of Massachusetts for the County of Suffolk. The case names, among a large number of parties, Wells Fargo & Company, Wells Fargo Asset Securitization Corporation and Wells Fargo Bank, N.A. as parties and contains allegations substantially similar to the cases filed by the other Federal Home Loan Banks.

In addition, there are other mortgage-related threatened or asserted claims by entities or investors where Wells Fargo may have indemnity or repurchase obligations, or as to which it has entered into agreements to toll the relevant statutes of limitations.

MORTGAGE FORECLOSURE DOCUMENT LITIGATION Eight purported class actions and several individual borrower actions related to foreclosure document practices were filed in late 2010 and in early 2011 against Wells Fargo Bank, N.A. in its status as mortgage servicer or corporate trustee of mortgage trusts. The cases were brought in state and federal courts. All eight cases have been dismissed or otherwise resolved.

MORTGAGE RELATED REGULATORY INVESTIGATIONS Government agencies and authorities continue investigations or examinations of certain mortgage related practices of Wells Fargo. Wells Fargo, for itself and for predecessor institutions, has responded, and continues to respond, to requests from government agencies seeking information regarding the origination, underwriting and securitization of residential mortgages, including sub-prime mortgages. On February 24, 2012, Wells Fargo received a Wells Notice from SEC Staff relating to Wells Fargo's disclosures in mortgage-backed securities offering documents. On November 20, 2012, the SEC Staff advised Wells Fargo it did not intend to take action on the subject matter of the Wells Notice.

IN RE MUNICIPAL DERIVATIVES ANTITRUST LITIGATION Wachovia Bank, along with several other banks and financial services companies, was named as a defendant beginning in April 2008 in a number of substantially identical purported class actions and individual actions filed in various state and federal courts by various municipalities alleging they have been damaged by alleged anticompetitive activity of the defendants. These cases were either consolidated under the caption *In re Municipal Derivatives Antitrust Litigation* or administered jointly with that action in the U.S. District Court for the Southern District of New York. The plaintiffs and Wells Fargo agreed to settle the *In re Municipal Derivatives Antitrust Litigation* on October 21, 2011. The settlement received final approval on December 14, 2012. A number of municipalities have opted out of the settlement, but the remaining potential claims are not material.

ORDER OF POSTING LITIGATION A series of putative class actions have been filed against Wachovia Bank, N.A. and Wells Fargo Bank, N.A., as well as many other banks, challenging the

high to low order in which the Banks post debit card transactions to consumer deposit accounts. There are currently several such cases pending against Wells Fargo Bank (including the Wachovia Bank cases to which Wells Fargo succeeded), most of which have been consolidated in multi-district litigation proceedings in the U.S. District Court for the Southern District of Florida. The bank defendants moved to compel these cases to arbitration under recent Supreme Court authority. On November 22, 2011, the Judge denied the motion. The Banks appealed the decision to the U.S. Court of Appeals for the Eleventh Circuit. On October 26, 2012, the Eleventh Circuit affirmed the District Court's denial of the motion.

On August 10, 2010, the U.S. District Court for the Northern District of California issued an order in *Gutierrez v. Wells Fargo Bank, N.A.*, a case that was not consolidated in the multi-district proceedings, enjoining the Bank's use of the high to low posting method for debit card transactions with respect to the plaintiff class of California depositors, directing that the Bank establish a different posting methodology and ordering remediation of approximately $203 million. On October 26, 2010, a final judgment was entered in Gutierrez. On October 28, 2010, Wells Fargo appealed to the U.S. Court of Appeals for the Ninth Circuit. On December 26, 2012, the Ninth Circuit reversed the order requiring Wells Fargo to change its order of posting and vacated the portion of the order granting remediation of approximately $203 million on the grounds of federal pre-emption. The Ninth Circuit affirmed the District Court's finding that Wells Fargo violated a California state law prohibition on fraudulent representations and remanded the case to the District Court for further proceedings.

SECURITIES LENDING LITIGATION Wells Fargo Bank, N.A. is involved in several separate pending actions brought by securities lending customers of Wells Fargo and Wachovia Bank in various courts. In general, each of the cases alleges that Wells Fargo violated fiduciary and contractual duties by investing collateral for loaned securities in investments that suffered losses. In addition, on March 27, 2012, a class of Wells Fargo securities lending customers was certified in a case captioned *City of Farmington Hills Employees Retirement System v. Wells Fargo Bank, N.A.*, which is pending in the U.S. District Court for the District of Minnesota. Wells Fargo sought interlocutory review of the class certification in the U.S. Court of Appeals for the Eighth Circuit. The Eighth Circuit declined such review on May 7, 2012.

OUTLOOK When establishing a liability for contingent litigation losses, the Company determines a range of potential losses for each matter that is both probable and estimable, and records the amount it considers to be the best estimate within the range. The high end of the range of reasonably possible potential litigation losses in excess of the Company's liability for probable and estimable losses was $1.0 billion as of December 31, 2012. For these matters and others where an unfavorable outcome is reasonably possible but not probable, there may be a range of possible losses in excess of the established liability that cannot be estimated. Based on information currently available, advice of counsel, available insurance coverage and established reserves, Wells Fargo believes that the eventual outcome of the actions against Wells Fargo and/or its subsidiaries, including the matters described above, will not, individually or in the aggregate, have a material adverse effect on Wells Fargo's consolidated financial position. However, in the event of unexpected future developments, it is possible that the ultimate resolution of those matters, if unfavorable, may be material to Wells Fargo's results of operations for any particular period.

The following supplements our discussion of certain matters previously reported in Part I, Item 3 (Legal Proceedings) of our 2012 Form 10-K for events occurring during first quarter 2013.

FHA INSURANCE LITIGATION On October 9, 2012, the United States filed a complaint, captioned *United States of America v. Wells Fargo Bank, N.A.*, in the U.S. District Court for the Southern District of New York. The complaint makes claims with respect to Wells Fargo's Federal Housing Administration (FHA) lending program for the period 2001 to 2010. The complaint alleges, among other allegations, that Wells Fargo improperly certified certain FHA mortgage loans for United States Department of Housing and Urban Development (HUD) insurance that did not qualify for the program, and therefore Wells Fargo should not have received insurance proceeds from HUD when some of the loans later defaulted. The complaint further alleges Wells Fargo knew some of the mortgages did not qualify for insurance and did not disclose the deficiencies to HUD before making insurance claims. On December 1, 2012, Wells Fargo filed a motion in the U.S. District Court for the District of Columbia seeking to enforce a release of Wells Fargo given by the United States, which was denied on February 12, 2013. On April 11, 2013, Wells Fargo filed a notice of appeal. On December 14, 2012, the United States filed an amended complaint. On January 16, 2013, Wells Fargo filed a motion in the Southern District of New York to dismiss the amended complaint. Oral argument of the motion was held on April 17, 2013.

MEDICAL CAPITAL CORPORATION LITIGATION Wells Fargo Bank, N.A. served as indenture trustee for debt issued by affiliates of Medical Capital Corporation, which was placed in receivership at the request of the Securities and Exchange Commission (SEC) in August 2009. Since September 2009, Wells Fargo has been named as a defendant in various class and mass actions brought by holders of Medical Capital Corporation's debt, alleging that Wells Fargo breached contractual and other legal obligations owed to them and seeking unspecified damages. On April 16, 2013, the parties reached a settlement in principle of all claims which provides for Wells Fargo to pay $105 million to the plaintiffs. The settlement is subject to Court approval.

MARYLAND MORTGAGE LENDING LITIGATION On July 8, 2008, a class action complaint captioned *Stacey and Bradley Petry, et al., v. Wells Fargo Bank, N.A., et al.*, was filed. The complaint alleges that Wells Fargo and others violated the Maryland Finder's Fee Act in the closing of mortgage loans in Maryland. On March 13, 2013, the Court held the plaintiff class did not have sufficient evidence to proceed to trial, which was previously set for March 18, 2013. The Court is considering whether to dismiss the case or to certify an appellate question to the Maryland Court of Appeals.

MORTGAGE-BACKED CERTIFICATES LITIGATION Several securities law based putative class actions were consolidated in
the U.S. District Court for the Northern District of California on July 16, 2009, under the caption *In re Wells Fargo Mortgage-Backed Certificates Litigation*. The case asserted claims against several Wells Fargo mortgage-backed securities trusts, Wells Fargo Bank, N.A. and other affiliated entities, individual employee defendants, along with various underwriters and rating agencies. The plaintiffs alleged that the offering documents contain untrue statements of material fact, or omit to state material facts necessary to make the registration statements and accompanying prospectuses not misleading. The parties agreed to settle the case on May 27, 2011, for $125 million. Final approval of the settlement was entered on November 14, 2011. Some class members opted out of the settlement. Wells Fargo settled the opt out claims of Federal National Mortgage Association for an amount that was within a previously established accrual.

OUTLOOK When establishing a liability for contingent litigation losses, the Company determines a range of potential losses for each matter that is both probable and estimable, and records the amount it considers to be the best estimate within the range. The high end of the range of reasonably possible potential litigation losses in excess of the Company's liability for probable and estimable losses was $1.1 billion as of March 31, 2013. For these matters and others where an unfavorable outcome is reasonably possible but not probable, there may be a range of possible losses in excess of the established liability that cannot be estimated. Based on information currently available, advice of counsel, available insurance coverage and established reserves, Wells Fargo believes that the eventual outcome of the actions against Wells Fargo and/or its subsidiaries, including the matters described above, will not, individually or in the aggregate, have a material adverse effect on Wells Fargo's consolidated financial position. However, in the event of unexpected future developments, it is possible that the ultimate resolution of those matters, if unfavorable, may be material to Wells Fargo's results of operations for any particular period.

Wells Fargo & Company 10-Q
Note 11: Legal Actions June 30, 2013

The following supplements our discussion of certain matters previously reported in Part I, Item 3 (Legal Proceedings) of our 2012 Form 10-K and Part II, Item 1 (Legal Proceedings) of our 2013 first quarter Quarterly Report on Form 10-Q for events occurring during second quarter 2013.

MEDICAL CAPITAL CORPORATION LITIGATION Wells Fargo Bank, N.A. served as indenture trustee for debt issued by affiliates of Medical Capital Corporation, which was placed in receivership at the request of the Securities and Exchange Commission (SEC) in August 2009. Since September 2009, Wells Fargo has been named as a defendant in various class and mass actions brought by holders of Medical Capital Corporation's debt, alleging that Wells Fargo breached contractual and other legal obligations owed to them and seeking unspecified damages. On April 16, 2013, the parties reached a settlement, subject to Court approval, of all claims which provides for Wells Fargo to pay $105 million to the plaintiffs. The Court gave preliminary approval to the settlement on May 6, 2013.

MARYLAND MORTGAGE LENDING LITIGATION On December 26, 2007, a class action complaint captioned *Denise Minter, et al., v. Wells Fargo Bank, N.A., et al.,* was filed in the U.S. District Court for the District of Maryland. The complaint alleges that Wells Fargo and others violated provisions of the Real Estate Settlement Procedures Act and other laws by conducting mortgage lending business improperly through a general partnership, Prosperity Mortgage Company. The complaint asserts that Prosperity Mortgage Company was not a legitimate affiliated business and instead operated to conceal Wells Fargo Bank, N.A.'s role in the loans at issue. A plaintiff class of borrowers who received a mortgage loan from Prosperity Mortgage Company that was funded by Prosperity Mortgage Company's line of credit with Wells Fargo Bank, N.A. from 1993 to May 31, 2012, had been certified. Prior to trial, the Court narrowed the class action to borrowers who were referred to Prosperity Mortgage Company by Wells Fargo's partner and whose loans were transferred to Wells Fargo Bank, N.A. from 1993 to May 31, 2012. On May 6, 2013, the case went to trial. On June 6, 2013, the jury returned a verdict in favor of all defendants, including Wells Fargo. The plaintiffs have requested a new trial on the named plaintiffs' individual claims, and have filed a notice of appeal.

On July 8, 2008, a class action complaint captioned *Stacey and Bradley Petry, et al., v. Wells Fargo Bank, N.A., et al.*, was filed. The complaint alleges that Wells Fargo and others violated the Maryland Finder's Fee Act in the closing of mortgage loans in Maryland. On March 13, 2013, the Court held the plaintiff class did not have sufficient evidence to proceed to trial, which was previously set for March 18, 2013. On June 20, 2013, the Court entered judgment in favor of the defendants. The plaintiffs have appealed.

ORDER OF POSTING LITIGATION A series of putative class actions have been filed against Wachovia Bank, N.A. and Wells Fargo Bank, N.A., as well as many other banks, challenging the high to low order in which the banks post debit card transactions to consumer deposit accounts. There are currently several such cases pending against Wells Fargo Bank (including the Wachovia Bank cases to which Wells Fargo succeeded), most of which have been consolidated in multi-district litigation proceedings in the U.S. District Court for the Southern District of Florida. The bank defendants moved to compel these cases to arbitration under recent Supreme Court authority. On November 22, 2011, the Judge denied the motion. The bank defendants appealed the decision to the U.S. Court of Appeals for the Eleventh Circuit. On October 26, 2012, the Eleventh Circuit affirmed the District Court's denial of the motion. Wells Fargo renewed its motion to compel arbitration with respect to the unnamed putative class members. On April 8, 2013, the District Court denied the motion. Wells Fargo has appealed the decision to the Eleventh Circuit.
On August 10, 2010, the U.S. District Court for the Northern District of California issued an order in *Gutierrez v. Wells Fargo Bank, N.A.*, a case that was not consolidated in the multi-district proceedings, enjoining the bank's use of the high to low posting method for debit card transactions with respect to the plaintiff class of California depositors, directing the bank to establish a different posting methodology and ordering remediation of approximately $203 million. On October 26, 2010, a final judgment was entered in *Gutierrez*. On October 28, 2010, Wells Fargo appealed to the U.S. Court of Appeals for the Ninth Circuit. On December 26, 2012, the Ninth Circuit reversed the order requiring Wells Fargo to change its order of posting and vacated the portion of the order granting remediation of approximately $203 million on the grounds of federal preemption. The Ninth Circuit affirmed the District Court's finding that Wells Fargo violated a California state law prohibition on fraudulent representations and remanded the case to the District Court for further proceedings. On May 14, 2013, the District Court entered an order indicating it will reinstate the judgment of approximately $203 million against Wells Fargo and enjoined Wells Fargo from making or disseminating additional misrepresentations about its order of posting of transactions. Wells Fargo has appealed the order to the Ninth Circuit. On August 5, 2013, the District Court entered a judgment against Wells Fargo in the approximate amount of $203 million, together with post-judgment interest thereon from October 25, 2010.

OUTLOOK When establishing a liability for contingent litigation losses, the Company determines a range of potential losses for each matter that is both probable and estimable, and records the amount it considers to be the best estimate

within the range. The high end of the range of reasonably possible potential litigation losses in excess of the Company's liability for probable and estimable losses was $1.1 billion as of June 30, 2013. For these matters and others where an unfavorable outcome is reasonably possible but not probable, there may be a range of possible losses in excess of the established liability that cannot be estimated. Based on information currently available, advice of counsel, available insurance coverage and established reserves, Wells Fargo believes that the eventual outcome of the actions against Wells Fargo and/or its subsidiaries, including the matters described above, will not, individually or in the aggregate, have a material adverse effect on Wells Fargo's consolidated financial position. However, in the event of unexpected future developments, it is possible that the ultimate resolution of those matters, if unfavorable, may be material to Wells Fargo's results of operations for any particular period.

10-Q
Note 11: Legal Actions – September 30, 2013

The following supplements our discussion of certain matters previously reported in Part I, Item 3 (Legal Proceedings) of our 2012 Form 10-K and Part II, Item 1 (Legal Proceedings) of our 2013 first and second quarter Quarterly Reports on Form 10-Q for events occurring during third quarter 2013.

FHA INSURANCE LITIGATION On October 9, 2012, the United States filed a complaint, captioned *United States of America v. Wells Fargo Bank, N.A.*, in the U.S. District Court for the Southern District of New York. The complaint makes claims with respect to Wells Fargo's Federal Housing Administration (FHA) lending program for the period 2001 to 2010. The complaint alleges, among other allegations, that Wells Fargo improperly certified certain FHA mortgage loans for United States Department of Housing and Urban Development (HUD) insurance that did not qualify for the program, and therefore Wells Fargo should not have received insurance proceeds from HUD when some of the loans later defaulted. The complaint further alleges Wells Fargo knew some of the mortgages did not qualify for insurance and did not disclose the deficiencies to HUD before making insurance claims. On December 1, 2012, Wells Fargo filed a motion in the U.S. District Court for the District of Columbia seeking to enforce a release of Wells Fargo given by the United States, which was denied on February 12, 2013. On April 11, 2013, Wells Fargo appealed the decision to the U.S. Court of Appeals for the District of Columbia Circuit, and filed its initial appellate brief on September 20, 2013. On December 14, 2012, the United States filed an amended complaint. On January 16, 2013, Wells Fargo filed a motion in the Southern District of New York to dismiss the amended complaint. On September 24, 2013, the Court entered an order denying the motion with respect to the government's federal statutory claims and granting in part, and denying in part, the motion with respect to the government's common law claims.

MEDICAL CAPITAL CORPORATION LITIGATION Wells Fargo Bank, N.A. served as indenture trustee for debt issued by affiliates of Medical Capital Corporation, which was placed in receivership at the request of the Securities and Exchange Commission (SEC) in August 2009. Since September 2009, Wells Fargo has been named as a defendant in various class and mass actions brought by holders of Medical Capital Corporation's debt, alleging that Wells Fargo breached contractual and other legal obligations owed to them and seeking unspecified damages. On April 16, 2013, the parties reached a settlement, subject to Court approval, of all claims which provides for Wells Fargo to pay $105 million to the plaintiffs. The Court gave final approval to the settlement on August 12, 2013.

MORTGAGE-BACKED CERTIFICATES LITIGATION Several securities law based putative class actions were consolidated in the U.S. District Court for the Northern District of California on July 16, 2009, under the caption In re Wells Fargo Mortgage-Backed Certificates Litigation. The case asserted claims against several Wells Fargo mortgage-backed securities trusts, Wells Fargo Bank, N.A. and other affiliated entities, individual employee defendants, along with various underwriters and rating agencies. The plaintiffs alleged that the offering documents contain untrue statements of material fact, or omit to state material facts necessary to make the registration statements and accompanying prospectuses not misleading. The parties agreed to settle the case on May 27, 2011, for $125 million. Final approval of the settlement was entered on November 14, 2011. Some class members, including Federal National Mortgage Association (FNMA) and Federal Home Loan Mortgage Corporation (FHLMC), opted out of the settlement. Wells Fargo settled the opt out claims of FNMA in first quarter 2013 and settled the opt out claims of FHLMC in third quarter 2013, in each case for an amount that was within a previously established accrual. Both settlements included the Federal Housing Finance Agency, as conservator of FNMA and FHLMC. The combined amount of the settlements was approximately $335 million.

On October 15, 2010, three actions, captioned *Federal Home Loan Bank of Chicago v. Banc of America Funding Corporation, et al.* (filed in the Cook County Circuit Court, State of Illinois); *Federal Home Loan Bank of Chicago v. Banc of America Securities LLC, et al.* (filed in the Superior Court of the State of California for the County of Los Angeles); and *Federal Home Loan Bank of Indianapolis v. Banc of America Mortgage America Securities, Inc., et al.* (filed in the Superior Court of the State of Indiana for the County of Marion), named multiple defendants, described as issuers/depositors, and underwriters/dealers of private label mortgage-backed securities, in an action asserting claims that defendants used false and misleading statements in offering documents for the sale of such securities. Plaintiffs seek rescission of the sales and damages under state securities and other laws and Section 11 of the Securities Act of 1933. Wells Fargo Asset Securities Corporation, Wells Fargo Bank, N.A. and Wells Fargo & Company were named among the defendants. Wells Fargo has reached a settlement in principle with the Federal Home Loan Bank of Indianapolis to settle the claims against it in the *Federal Home Loan Bank of Indianapolis v. Banc of America Mortgage America Securities, Inc., et al.* action for an amount within a previously established accrual. Wells Fargo has also reached a settlement in principle with the Federal Home Loan Bank of Chicago to settle the claims against it in the *Federal Home Loan Bank of Chicago v. Banc of America Funding Corporation, et al.* and *Federal Home Loan Bank of Chicago v. Banc of America Securities LLC* actions for an amount within a previously established accrual.

On April 20, 2011, a case captioned Federal Home Loan Bank of Boston v. Ally Financial, Inc., et al., was filed in the Superior Court of the Commonwealth of Massachusetts for the County of Suffolk. The case names, among a large number of parties, Wells Fargo & Company, Wells Fargo Asset Securitization Corporation and Wells Fargo Bank, N.A. as parties and asserts claims that defendants used false and misleading statements in offering documents for the sale of mortgage-backed securities. Wells Fargo settled the claims of the Federal Home Loan Bank of Boston for an amount within a previously established accrual and was dismissed, with prejudice, from the Federal Home Loan Bank of Boston v. Ally Financial, Inc., et al. action on September 30, 2013.

ORDER OF POSTING LITIGATION On August 10, 2010, the U.S. District Court for the Northern District of California issued an order in Gutierrez v. Wells Fargo Bank, N.A., a case that was not consolidated in the multi-district proceedings, enjoining the bank's use of the high to low posting method for debit card transactions with respect to the plaintiff class of California depositors, directing the bank to establish a different posting methodology and ordering remediation of approximately $203 million. On October 26, 2010, a final judgment was entered in Gutierrez. On October 28, 2010, Wells Fargo appealed to the U.S. Court of Appeals for the Ninth Circuit. On December 26, 2012, the Ninth Circuit reversed the order requiring Wells Fargo to change its order of posting and vacated the portion of the order granting remediation of approximately $203 million on the grounds of federal preemption. The Ninth Circuit affirmed the District Court's finding that Wells Fargo violated a California state law prohibition on fraudulent representations and remanded the case to the District Court for further proceedings. On August 5, 2013, the District Court entered a judgment against Wells Fargo in the approximate amount of $203 million, together with post-judgment interest thereon from October 25, 2010, and, effective as of July 15, 2013, enjoined Wells Fargo from making or disseminating additional misrepresentations about its order of posting of transactions. On August 7, 2013, Wells Fargo appealed the judgment to the Ninth Circuit.

OUTLOOK When establishing a liability for contingent litigation losses, the Company determines a range of potential losses for each matter that is both probable and estimable, and records the amount it considers to be the best estimate within the range. The high end of the range of reasonably possible potential litigation losses in excess of the Company's liability for probable and estimable losses was $1.0 billion as of September 30, 2013. For these matters and others where an unfavorable outcome is reasonably possible but not probable, there may be a range of possible losses in excess of the established liability that cannot be estimated. Based on information currently available, advice of counsel, available insurance coverage and established reserves, Wells Fargo believes that the eventual outcome of the actions against Wells Fargo and/or its subsidiaries, including the matters described above, will not, individually or in the aggregate, have a material adverse effect on Wells Fargo's consolidated financial position. However, in the event of unexpected future developments, it is possible that the ultimate resolution of those matters, if unfavorable, may be material to Wells Fargo's results of operations for any particular period.

Note 15: Legal Actions

Wells Fargo and certain of our subsidiaries are involved in a number of judicial, regulatory and arbitration proceedings concerning matters arising from the conduct of our business activities. These proceedings include actions brought against Wells Fargo and/or our subsidiaries with respect to corporate related matters and transactions in which Wells Fargo and/or our subsidiaries were involved. In addition, Wells Fargo and our subsidiaries may be requested to provide information or otherwise cooperate with government authorities in the conduct of investigations of other persons or industry groups.

Although there can be no assurance as to the ultimate outcome, Wells Fargo and/or our subsidiaries have generally denied, or believe we have a meritorious defense and will deny, liability in all significant litigation pending against us, including the matters described below, and we intend to defend vigorously each case, other than matters we describe as having settled. Reserves are established for legal claims when payments associated with the claims become probable and the costs can be reasonably estimated. The actual costs of resolving legal claims may be substantially higher or lower than the amounts reserved for those claims.

FHA INSURANCE LITIGATION On October 9, 2012, the United States filed a complaint, captioned *United States of America v. Wells Fargo Bank, N.A.*, in the U.S. District Court for the Southern District of New York. The complaint makes claims with respect to Wells Fargo's Federal Housing Administration (FHA) lending program for the period 2001 to 2010. The complaint alleges, among other allegations, that Wells Fargo improperly certified certain FHA mortgage loans for United States Department of Housing and Urban Development (HUD) insurance that did not qualify for the program, and therefore Wells Fargo should not have received insurance proceeds from HUD when some of the loans later defaulted. The complaint further alleges Wells Fargo knew some of the mortgages did not qualify for insurance and did not disclose the deficiencies to HUD before making insurance claims. On December 1, 2012, Wells Fargo filed a motion in the U.S. District Court for the District of Columbia seeking to enforce a release of Wells Fargo given by the United States, which was denied on February 12, 2013. On April 11, 2013, Wells Fargo appealed the decision to the U.S. Court of Appeals for the District of Columbia Circuit, with appellate briefing completed on November 26, 2013. On December 14, 2012, the United States filed an amended complaint. On January 16, 2013, Wells Fargo filed a motion in the Southern District of New York to dismiss the amended complaint. On September 24, 2013, the Court entered an order denying the motion with respect to the government's federal statutory claims and granting in part, and denying in part, the motion with respect to the government's common law claims. On January 10, 2014, the United States filed a second amended complaint.

INTERCHANGE LITIGATION Wells Fargo Bank, N.A., Wells Fargo & Company, Wachovia Bank, N.A. and Wachovia Corporation are named as defendants, separately or in combination, in putative class actions filed on behalf of a plaintiff class of merchants and in individual actions brought by individual merchants with regard to the interchange fees associated with Visa and MasterCard payment card transactions. These actions have been consolidated in the U.S. District Court for the Eastern District of New York. Visa, MasterCard and several banks and bank holding companies are named as defendants in various of these actions. The amended and consolidated complaint asserts claims against defendants based on alleged violations of federal and state antitrust laws and seeks damages, as well as injunctive relief. Plaintiff merchants allege that Visa, MasterCard and payment card issuing banks unlawfully colluded to set interchange rates. Plaintiffs also allege that enforcement of certain Visa and MasterCard rules and alleged tying and bundling of services offered to merchants are anticompetitive. Wells Fargo and Wachovia, along with other defendants and entities, are parties to Loss and Judgment Sharing Agreements, which provide that they, along with other entities, will share, based on a formula, in any losses from the Interchange Litigation. On July 13, 2012, Visa, MasterCard and the financial institution defendants, including Wells Fargo, signed a memorandum of understanding with plaintiff merchants to resolve the consolidated class actions and reached a separate settlement in principle of the consolidated individual actions. The proposed settlement payments by all defendants in the consolidated class and individual actions total approximately $6.6 billion. The class settlement also provides for the distribution to class merchants of 10 basis points of default interchange across all credit rate categories for a period of eight consecutive months. The Court granted final approval of the settlement, which is proceeding. Merchants have filed several "opt-out" actions.

MARYLAND MORTGAGE LENDING LITIGATION On December 26, 2007, a class action complaint captioned *Denise Minter, et al., v. Wells Fargo Bank, N.A., et al.*, was filed in the U.S. District Court for the District of Maryland. The complaint alleges that Wells Fargo and others violated provisions of the Real Estate Settlement Procedures Act and other laws by conducting mortgage lending business improperly through a general partnership, Prosperity Mortgage Company. The complaint asserts that Prosperity Mortgage Company was not a legitimate affiliated business and instead operated to conceal Wells Fargo Bank, N.A.'s role in the loans at issue. A plaintiff class of borrowers who received a mortgage loan from Prosperity Mortgage Company that was funded by Prosperity Mortgage Company's line of credit with Wells Fargo Bank, N.A. from 1993 to May 31, 2012, had been certified. Prior to trial, the Court narrowed the class action to borrowers who were referred to Prosperity Mortgage Company by Wells Fargo's partner and whose loans were transferred to Wells Fargo Bank, N.A. from 1993 to May 31, 2012. On May 6, 2013, the case went to trial. On June 6, 2013, the jury returned a verdict in favor of all defendants, including Wells Fargo. The plaintiffs have appealed.

On July 8, 2008, a class action complaint captioned *Stacey and Bradley Petry, et al., v. Wells Fargo Bank, N.A., et al.*, was filed. The complaint alleges that Wells Fargo and others violated the Maryland Finder's Fee Act in the closing of mortgage loans in Maryland. On March 13, 2013, the Court held the plaintiff class did not have sufficient evidence to proceed to trial, which was previously set for March 18, 2013. On June 20, 2013, the Court entered judgment in favor of the defendants. The plaintiffs have appealed.

MORTGAGE RELATED REGULATORY INVESTIGATIONS Government agencies continue investigations or examinations of certain mortgage related practices of Wells Fargo and predecessor institutions. Wells Fargo, for itself and for predecessor institutions, has

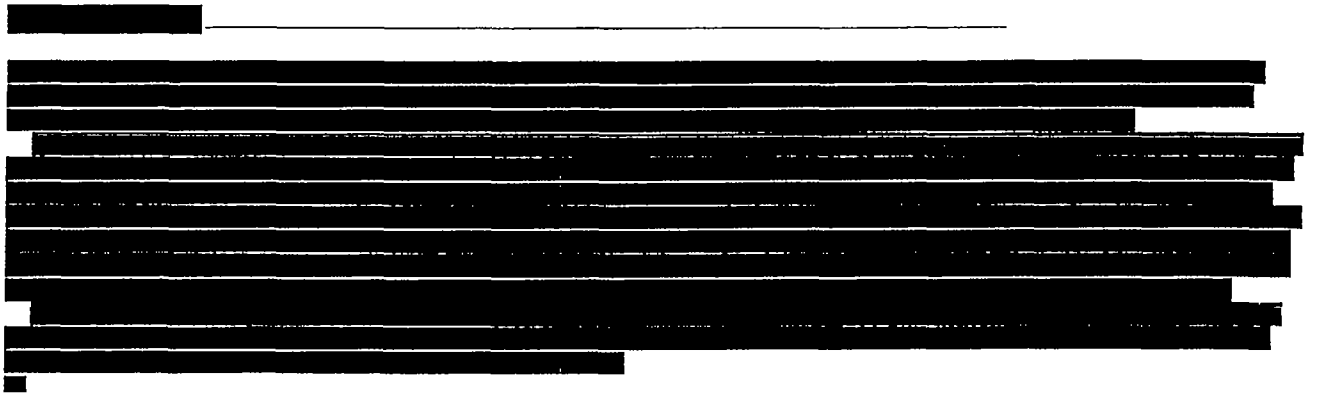
responded, to requests from government agencies seeking information regarding the origination, underwriting and securitization of residential mortgages, including sub-prime mortgages.

ORDER OF POSTING LITIGATION A series of putative class actions have been filed against Wachovia Bank, N.A. and Wells Fargo Bank, N.A., as well as many other banks, challenging the high to low order in which the banks post debit card transactions to consumer deposit accounts. There are currently several such cases pending against Wells Fargo Bank (including the Wachovia Bank cases to which Wells Fargo succeeded), most of which have been consolidated in multi-district litigation proceedings in the U.S. District Court for the Southern District of Florida. The bank defendants moved to compel these cases to arbitration under recent Supreme Court authority. On November 22, 2011, the Judge denied the motion. The bank defendants appealed the decision to the U.S. Court of Appeals for the Eleventh Circuit. On October 26, 2012, the Eleventh Circuit affirmed the District Court's denial of the motion. Wells Fargo renewed its motion to compel arbitration with respect to the unnamed putative class members. On April 8, 2013, the District Court denied the motion. Wells Fargo has appealed the decision to the Eleventh Circuit.

On August 10, 2010, the U.S. District Court for the Northern District of California issued an order in Gutierrez v. Wells Fargo Bank, N.A., a case that was not consolidated in the multi-district proceedings, enjoining the bank's use of the high to low posting method for debit card transactions with respect to the plaintiff class of California depositors, directing the bank to establish a different posting methodology and ordering remediation of approximately $203 million. On October 26, 2010, a final judgment was entered in Gutierrez. On October 28, 2010, Wells Fargo appealed to the U.S. Court of Appeals for the Ninth Circuit. On December 26, 2012, the Ninth Circuit reversed the order requiring Wells Fargo to change its order of posting and vacated the portion of the order granting remediation of approximately $203 million on the grounds of federal preemption. The Ninth Circuit affirmed the District Court's finding that Wells Fargo violated a California state law prohibition on fraudulent representations and remanded the case to the District Court for further proceedings. On August 5, 2013, the District Court entered a judgment against Wells Fargo in the approximate amount of $203 million, together with post-judgment interest thereon from October 25, 2010, and, effective as of July 15, 2013, enjoined Wells Fargo from making or disseminating additional misrepresentations about its order of posting of transactions. On August 7, 2013, Wells Fargo appealed the judgment to the Ninth Circuit.

SECURITIES LENDING LITIGATION Wells Fargo Bank, N.A. is involved in five separate pending actions brought by securities lending customers of Wells Fargo and Wachovia Bank in various courts. In general, each of the cases alleges that Wells Fargo violated fiduciary and contractual duties by investing collateral for loaned securities in investments that suffered losses. One of the cases, filed on March 27, 2012, is composed of a class of Wells Fargo securities lending customers in a case captioned *City of Farmington Hills Employees Retirement System v. Wells Fargo Bank, N.A.* The class action is pending in the U.S. District Court for the District of Minnesota.

OUTLOOK When establishing a liability for contingent litigation losses, the Company determines a range of potential losses for each matter that is both probable and estimable, and records the amount it considers to be the best estimate within the range. The high end of the range of reasonably possible potential litigation losses in excess of the Company's liability for probable and estimable losses was $951 million as of December 31, 2013. For these matters and others where an unfavorable outcome is reasonably possible but not probable, there may be a range of possible losses in excess of the established liability that cannot be estimated. Based on information currently available, advice of counsel, available insurance coverage and established reserves, Wells Fargo believes that the eventual outcome of the actions against Wells Fargo and/or its subsidiaries, including the matters described above, will not, individually or in the aggregate, have a material adverse effect on Wells Fargo's consolidated financial position. However, in the event of unexpected future developments, it is possible that the ultimate resolution of those matters, if unfavorable, may be material to Wells Fargo's results of operations for any particular period.



If the letters "NA," the word "None," or no response appears on the lines above, it will be conclusively presumed that the Disclosing Party certified to the above statements.

8. To the best of the Disclosing Party's knowledge after reasonable inquiry, the following is a complete list of all current employees of the Disclosing Party who were, at any time during the 12-month period preceding the execution date of this EDS, an employee, or elected or appointed official, of the City of Chicago (if none, indicate with "N/A" or "none").

The Disclosing Party certifies that as of the date hereof, to the best of the Disclosing Party's knowledge after due inquiry, the answer with respect to this question is: None. Please note that the foregoing answer is based on an email questionnaire distributed on March 10, 2014 to all Illinois-based employees of Wells Fargo Bank, N.A. and those employees that that work in the Bank's government and institutional banking group, and on an email questionnaire distributed on March 10, 2014 to those employees that work in the Bank's community lending and investment group, and may accordingly have a material relationship with the City.

9. To the best of the Disclosing Party's knowledge after reasonable inquiry, the following is a complete list of all gifts that the Disclosing Party has given or caused to be given, at any time during the 12-month period preceding the execution date of this EDS, to an employee, or elected or appointed official, of the City of Chicago. For purposes of this statement, a "gift" does not include: (i) anything made generally available to City employees or to the general public, or (ii) food or drink provided in the course of official City business and having a retail value of less than $20 per recipient (if none, indicate with "N/A" or "none"). As to any gift listed below, please also list the name of the City recipient.

The Disclosing Party certifies that as of the date hereof, to the best of the Disclosing Party's knowledge after due inquiry, the answer with respect to this question is: None. Please note that the foregoing answer is based on an email questionnaire distributed on March 10, 2014 to all Illinois-based employees of Wells Fargo Bank, N.A. and those employees that that work in the Bank's government and institutional banking group, and on an email questionnaire distributed on March 10, 2014 to those employees that work in the Bank's community lending and investment group, and may accordingly have a material relationship with the City.

C. CERTIFICATION OF STATUS AS FINANCIAL INSTITUTION

1. The Disclosing Party certifies that the Disclosing Party (check one)

[X] is [ ] is not

a "financial institution" as defined in Section 2-32-455(b) of the Municipal Code.

2. If the Disclosing Party IS a financial institution, then the Disclosing Party pledges:

"We are not and will not become a predatory lender as defined in Chapter 2-32 of the Municipal Code. We further pledge that none of our affiliates is, and none of them will become, a predatory lender as defined in Chapter 2-32 of the Municipal Code. We understand that becoming a predatory lender or becoming an affiliate of a predatory lender may result in the loss of the privilege of doing business with the City."

If the Disclosing Party is unable to make this pledge because it or any of its affiliates (as defined in Section 2-32-455(b) of the Municipal Code) is a predatory lender within the meaning of Chapter 2-32 of the Municipal Code, explain here (attach additional pages if necessary):

If the letters "NA," the word "None," or no response appears on the lines above, it will be conclusively presumed that the Disclosing Party certified to the above statements.

D. CERTIFICATION REGARDING INTEREST IN CITY BUSINESS

Any words or terms that are defined in Chapter 2-156 of the Municipal Code have the same meanings when used in this Part D.

1. In accordance with Section 2-156-110 of the Municipal Code: Does any official or employee of the City have a financial interest in his or her own name or in the name of any other person or entity in the Matter?

[ ] Yes [X] No

NOTE: If you checked "Yes" to Item D.1., proceed to Items D.2. and D.3. If you checked "No" to Item D.1., proceed to Part E.

2. Unless sold pursuant to a process of competitive bidding, or otherwise permitted, no City elected official or employee shall have a financial interest in his or her own name or in the name of any other person or entity in the purchase of any property that (i) belongs to the City, or (ii) is sold for taxes or assessments, or (iii) is sold by virtue of legal process at the suit of the City (collectively, "City Property Sale"). Compensation for property taken pursuant to the City's eminent domain power does not constitute a financial interest within the meaning of this Part D.

Does the Matter involve a City Property Sale?

[✓] Yes [ ] No

3. If you checked "Yes" to Item D.1., provide the names and business addresses of the City officials or employees having such interest and identify the nature of such interest:

Name	Business Address	Nature of Interest
N/A		

4. The Disclosing Party further certifies that no prohibited financial interest in the Matter will be acquired by any City official or employee.

E. CERTIFICATION REGARDING SLAVERY ERA BUSINESS

Please check either 1. or 2. below. If the Disclosing Party checks 2., the Disclosing Party must disclose below or in an attachment to this EDS all information required by paragraph 2. Failure to

comply with these disclosure requirements may make any contract entered into with the City in connection with the Matter voidable by the City.

____1. The Disclosing Party verifies that the Disclosing Party has searched any and all records of the Disclosing Party and any and all predecessor entities regarding records of investments or profits from slavery or slaveholder insurance policies during the slavery era (including insurance policies issued to slaveholders that provided coverage for damage to or injury or death of their slaves), and the Disclosing Party has found no such records.

x 2. The Disclosing Party verifies that, as a result of conducting the search in step 1 above, the Disclosing Party has found records of investments or profits from slavery or slaveholder insurance policies. The Disclosing Party verifies that the following constitutes full disclosure of all such records, including the names of any and all slaves or slaveholders described in those records:
See Attachment "D"

SECTION VI -- CERTIFICATIONS FOR FEDERALLY FUNDED MATTERS

NOTE: If the Matter is federally funded, complete this Section VI. **If the Matter is not federally funded,** proceed to Section VII. For purposes of this Section VI, tax credits allocated by the City and proceeds of debt obligations of the City are not federal funding.

A. CERTIFICATION REGARDING LOBBYING

1. List below the names of all persons or entities registered under the federal Lobbying Disclosure Act of 1995 who have made lobbying contacts on behalf of the Disclosing Party with respect to the Matter: (Add sheets if necessary):
N/A

(If no explanation appears or begins on the lines above, or if the letters "NA" or if the word "None" appear, it will be conclusively presumed that the Disclosing Party means that NO persons or entities registered under the Lobbying Disclosure Act of 1995 have made lobbying contacts on behalf of the Disclosing Party with respect to the Matter.)

2. The Disclosing Party has not spent and will not expend any federally appropriated funds to pay any person or entity listed in Paragraph A.1. above for his or her lobbying activities or to pay any person or entity to influence or attempt to influence an officer or employee of any agency, as defined by applicable federal law, a member of Congress, an officer or employee of Congress, or an employee of a member of Congress, in connection with the award of any federally funded contract, making any federally funded grant or loan, entering into any cooperative agreement, or to extend, continue, renew, amend, or modify any federally funded contract, grant, loan, or cooperative agreement.

3. The Disclosing Party will submit an updated certification at the end of each calendar quarter in which there occurs any event that materially affects the accuracy of the statements and information set forth in paragraphs A.1. and A.2. above.

4. The Disclosing Party certifies that either: (i) it is not an organization described in section 501(c)(4) of the Internal Revenue Code of 1986; or (ii) it is an organization described in section 501(c)(4) of the Internal Revenue Code of 1986 but has not engaged and will not engage in "Lobbying Activities".

5. If the Disclosing Party is the Applicant, the Disclosing Party must obtain certifications equal in form and substance to paragraphs A.1. through A.4. above from all subcontractors before it awards any subcontract and the Disclosing Party must maintain all such subcontractors' certifications for the duration of the Matter and must make such certifications promptly available to the City upon request.

B. CERTIFICATION REGARDING EQUAL EMPLOYMENT OPPORTUNITY

If the Matter is federally funded, federal regulations require the Applicant and all proposed subcontractors to submit the following information with their bids or in writing at the outset of negotiations.

Is the Disclosing Party the Applicant?

[ ] Yes [X] No

If "Yes," answer the three questions below:

1. Have you developed and do you have on file affirmative action programs pursuant to applicable federal regulations? (See 41 CFR Part 60-2.)
[ ] Yes [ ] No

2. Have you filed with the Joint Reporting Committee, the Director of the Office of Federal Contract Compliance Programs, or the Equal Employment Opportunity Commission all reports due under the applicable filing requirements?
[ ] Yes [ ] No

3. Have you participated in any previous contracts or subcontracts subject to the equal opportunity clause?
[ ] Yes [ ] No

If you checked "No" to question 1. or 2. above, please provide an explanation:

_____

_____

SECTION VII -- ACKNOWLEDGMENTS, CONTRACT INCORPORATION, COMPLIANCE, PENALTIES, DISCLOSURE

The Disclosing Party understands and agrees that:

A. The certifications, disclosures, and acknowledgments contained in this EDS will become part of any contract or other agreement between the Applicant and the City in connection with the Matter, whether procurement, City assistance, or other City action, and are material inducements to the City's execution of any contract or taking other action with respect to the Matter. The Disclosing Party understands that it must comply with all statutes, ordinances, and regulations on which this EDS is based.

B. The City's Governmental Ethics and Campaign Financing Ordinances, Chapters 2-156 and 2-164 of the Municipal Code, impose certain duties and obligations on persons or entities seeking City contracts, work, business, or transactions. The full text of these ordinances and a training program is available on line at www.cityofchicago.org/Ethics, and may also be obtained from the City's Board of Ethics, 740 N.

Sedgwick St., Suite 500, Chicago, IL 60610, (312) 744-9660. The Disclosing Party must comply fully with the applicable ordinances.

C. If the City determines that any information provided in this EDS is false, incomplete or inaccurate, any contract or other agreement in connection with which it is submitted may be rescinded or be void or voidable, and the City may pursue any remedies under the contract or agreement (if not rescinded or void), at law, or in equity, including terminating the Disclosing Party's participation in the Matter and/or declining to allow the Disclosing Party to participate in other transactions with the City. Remedies at law for a false statement of material fact may include incarceration and an award to the City of treble damages.

D. It is the City's policy to make this document available to the public on its Internet site and/or upon request. Some or all of the information provided on this EDS and any attachments to this EDS may be made available to the public on the Internet, in response to a Freedom of Information Act request, or otherwise. By completing and signing this EDS, the Disclosing Party waives and releases any possible rights or claims which it may have against the City in connection with the public release of information contained in this EDS and also authorizes the City to verify the accuracy of any information submitted in this EDS.

E. The information provided in this EDS must be kept current. In the event of changes, the Disclosing Party must supplement this EDS up to the time the City takes action on the Matter. If the Matter is a contract being handled by the City's Department of Procurement Services, the Disclosing Party must update this EDS as the contract requires. **NOTE:** With respect to Matters subject to Article I of Chapter 1-23 of the Municipal Code (imposing **PERMANENT INELIGIBILITY** for certain specified offenses), the information provided herein regarding eligibility must be kept current for a longer period, as required by Chapter 1-23 and Section 2-154-020 of the Municipal Code.

The Disclosing Party represents and warrants that:

F.1. The Disclosing Party is not delinquent in the payment of any tax administered by the Illinois Department of Revenue, nor are the Disclosing Party or its Affiliated Entities delinquent in paying any fine, fee, tax or other charge owed to the City. This includes, but is not limited to, all water charges, sewer charges, license fees, parking tickets, property taxes or sales taxes.

F.2 If the Disclosing Party is the Applicant, the Disclosing Party and its Affiliated Entities will not use, nor permit their subcontractors to use, any facility listed by the U.S. E.P.A. on the federal Excluded Parties List System ("EPLS") maintained by the U. S. General Services Administration.

F.3 If the Disclosing Party is the Applicant, the Disclosing Party will obtain from any contractors/subcontractors hired or to be hired in connection with the Matter certifications equal in form and substance to those in F.1. and F.2. above and will not, without the prior written consent of the City, use any such contractor/subcontractor that does not provide such certifications or that the Disclosing Party has reason to believe has not provided or cannot provide truthful certifications.

NOTE: If the Disclosing Party cannot certify as to any of the items in F.1., F.2. or F.3. above, an explanatory statement must be attached to this EDS.

CERTIFICATION

Under penalty of perjury, the person signing below: (1) warrants that he/she is authorized to execute this EDS and Appendix A (if applicable) on behalf of the Disclosing Party, and (2) warrants that all certifications and statements contained in this EDS and Appendix A (if applicable) are true, accurate and complete as of the date furnished to the City.

Wells Fargo Bank, National Association
(Print or type name of Disclosing Party)

By: _____
(Sign here)

Jon R. Campbell
(Print or type name of person signing)

Executive Vice President
(Print or type title of person signing)

Signed and sworn to before me on (date) June 19, 2014
at Hennepin County, Minnesota (state).

Patricia A. Ruedenberg Notary Public.

Commission expires: 1/31/2015.

PATRICIA A. RUEDENBERG
NOTARY PUBLIC - MINNESOTA
MY COMMISSION EXPIRES 01/31/15

SLAVERY ERA BUSINESS SUMMARY

After years of research, Wells Fargo has found no records that indicate it – or any entities it acquired before the Wachovia merger – had ever financed slavery, held slaves as collateral, owned slaves, or profited from slavery.

With the Wachovia merger, Wells Fargo inherited hundreds of Wachovia's predecessor financial institutions, including two that had extensive involvement in slavery. In 2005 Wachovia announced these findings and apologized for the role its predecessors played and renewed its commitment to preserve and promote the history of the African-American experience in our nation. Wells Fargo shares that commitment and affirms its long-standing opposition to slavery.

The following narrative summarizes the results of the research that has been performed regarding Wachovia Bank and its ties to slavery.

SUMMARY OF RESEARCH

External research has revealed that two predecessor institutions of the undersigned, the Georgia Railroad & Banking Company and the Bank of Charleston, owned slaves.

Due to incomplete records, the undersigned cannot determine exactly how many slaves either the Georgia Railroad and Banking Company or the Bank of Charleston owned. Through specific transactional records, researchers determined that the Georgia Railroad and Banking Company owned at least 162 slaves, and the Bank of Charleston accepted at least 529 slaves as collateral on mortgaged properties or loans, and acquired an undetermined number of these individuals when customers defaulted on their loans.

The Georgia Railroad and Banking Company was founded in 1833 to complete a railroad line between the City of Augusta and the interior of the state of Georgia. The company relied on slave labor for the construction and maintenance of this railway. According to the existing and searchable bank records, 162 slaves were owned or authorized to be purchased by the Georgia Railroad and Banking Company between 1836 and 1842. In addition, the company awarded work to contractors who purchased at least 400 slaves to perform work on the railways.

The Bank of Charleston, founded in 1834, issued loans and mortgages where enslaved individuals were used as collateral. A review of the bank's account ledgers revealed a minimum of 24 transactions involving reference to 529 enslaved individuals being used as collateral. In most cases, the loan was paid on schedule, and the bank never took possession of slaves that were pledged as collateral on the loan. In several documented instances, however, customers defaulted on their loans and the Bank of Charleston took actual possession of slaves. The total number of slaves of whom the bank took possession cannot be accurately tallied due to the lack of records.

In addition, ten predecessor companies were determined to have profited more indirectly from slavery through the following means:

- Founders, directors, or account holders who owned slaves and/or profited directly from slavery;
- Investing in or transacting business with companies or individuals that owned slaves;
- Investing in the bonds of slave states and municipalities;
- Investing in U.S. government bonds during years when the United States permitted and profited from slave labor directly through taxation.

These institutions are:

- Bank of North America (Philadelphia, Pa.)
- Bank of Baltimore
- The Philadelphia Bank (later Philadelphia National Bank)
- Farmers' & Mechanics' Bank of Philadelphia
- Pennsylvania Company for Insurances on Lives and the Granting of Annuities
- State Bank of Elizabeth (Elizabeth, N.J.)
- State Bank of Newark (Newark, N.J.)
- Savings Bank of Baltimore
- Girard National Bank
- The Carswell Group (established in 1868, acquired by Palmer & Cay, Inc. in 1985)
- The Trenton Banking Company

CITY OF CHICAGO
ECONOMIC DISCLOSURE STATEMENT AND AFFIDAVIT
APPENDIX A

FAMILIAL RELATIONSHIPS WITH ELECTED CITY OFFICIALS AND DEPARTMENT HEADS

This Appendix is to be completed only by (a) the Applicant, and (b) any legal entity which has a direct ownership interest in the Applicant exceeding 7.5 percent. It is not to be completed by any legal entity which has only an indirect ownership interest in the Applicant.

Under Municipal Code Section 2-154-015, the Disclosing Party must disclose whether such Disclosing Party or any "Applicable Party" or any Spouse or Domestic Partner thereof currently has a "familial relationship" with any elected city official or department head. A "familial relationship" exists if, as of the date this EDS is signed, the Disclosing Party or any "Applicable Party" or any Spouse or Domestic Partner thereof is related to the mayor, any alderman, the city clerk, the city treasurer or any city department head as spouse or domestic partner or as any of the following, whether by blood or adoption: parent, child, brother or sister, aunt or uncle, niece or nephew, grandparent, grandchild, father-in-law, mother-in-law, son-in-law, daughter-in-law, stepfather or stepmother, stepson or stepdaughter, stepbrother or stepsister or half-brother or half-sister.

"Applicable Party" means (1) all executive officers of the Disclosing Party listed in Section II.B.1.a., if the Disclosing Party is a corporation; all partners of the Disclosing Party, if the Disclosing Party is a general partnership; all general partners and limited partners of the Disclosing Party, if the Disclosing Party is a limited partnership; all managers, managing members and members of the Disclosing Party, if the Disclosing Party is a limited liability company; (2) all principal officers of the Disclosing Party; and (3) any person having more than a 7.5 percent ownership interest in the Disclosing Party. "Principal officers" means the president, chief operating officer, executive director, chief financial officer, treasurer or secretary of a legal entity or any person exercising similar authority.

Does the Disclosing Party or any "Applicable Party" or any Spouse or Domestic Partner thereof currently have a "familial relationship" with an elected city official or department head?

[ ] Yes [X] No

If yes, please identify below (1) the name and title of such person, (2) the name of the legal entity to which such person is connected; (3) the name and title of the elected city official or department head to whom such person has a familial relationship, and (4) the precise nature of such familial relationship.

See Familial Relationship Attachment Appendix A

Attachment to City of Chicago
Economic Disclosure Statement and Affidavit
Appendix A

Familial Relationships with Elected City Officials and Department Heads

To the best of the Disclosing Party's knowledge, after due inquiry, the Disclosing Party has no familial relationships as referenced in this Appendix A. Please note, that the Disclosing Party has limited its inquiry to the Persons identified in Section II.B.1 of the EDS.

(DO NOT SUBMIT THIS PAGE WITH YOUR EDS. The purpose of this page is for you to recertify your EDS prior to submission to City Council or on the date of closing. If unable to recertify truthfully, the Disclosing Party must complete a new EDS with correct or corrected information)

RECERTIFICATION

Generally, for use with City Council matters. Not for City procurements unless requested.

This recertification is being submitted in connection with purchase of 3151 W. Washington from the City [identify the Matter]. Under penalty of perjury, the person signing below: (1) warrants that he/she is authorized to execute this EDS recertification on behalf of the Disclosing Party, (2) warrants that all certifications and statements contained in the Disclosing Party's original EDS are true, accurate and complete as of the date furnished to the City and continue to be true, accurate and complete as of the date of this recertification, and (3) reaffirms its acknowledgments.

Wells Fargo Bank, National Association
(Print or type legal name of Disclosing Party)

Date: 11.14.14

By: _____
(sign here)

Print or type name of signatory:
Jon R. Campbell

Title of signatory:
E.V.P.

Signed and sworn to before me on [date] November 14, 2014 by Jon R. Campbell, at Hennepin County, Minnesota [state].

Lori L Boeckel-Kreidt Notary Public.

Commission expires: 1-31-2020.

Ver. 11-01-05

LORI L. BOECKEL-KREIDT
NOTARY PUBLIC - MINNESOTA
MY COMMISSION EXPIRES 01/31/2020

CITY OF CHICAGO
ECONOMIC DISCLOSURE STATEMENT
AND AFFIDAVIT

SECTION I -- GENERAL INFORMATION

A. Legal name of the Disclosing Party submitting this EDS. Include d/b/a/ if applicable:

WFC Holdings Corporation

Check ONE of the following three boxes:

Indicate whether the Disclosing Party submitting this EDS is:

1. [ ] the Applicant
   OR
2. [X] a legal entity holding a direct or indirect interest in the Applicant. State the legal name of the Applicant in which the Disclosing Party holds an interest: Wells Fargo Bank, National Association
   OR
3. [ ] a legal entity with a right of control (see Section II.B.1.) State the legal name of the entity in which the Disclosing Party holds a right of control: _____

B. Business address of the Disclosing Party: 420 Montgomery Street
San Francisco, CA 94163

C. Telephone: 312-443-1775 Fax: 312-896-6798 Email: cnogar@lockelord.com

D. Name of contact person: Courtney Nogar

E. Federal Employer Identification No. (if you have one): _____

F. Brief description of contract, transaction or other undertaking (referred to below as the "Matter") to which this EDS pertains. (Include project number and location of property, if applicable):

Purchase of the vacant lot located at 3153 Washington

G. Which City agency or department is requesting this EDS? Department of Planning and Development

If the Matter is a contract being handled by the City's Department of Procurement Services, please complete the following:

Specification # N/A and Contract # N/A

SECTION II -- DISCLOSURE OF OWNERSHIP INTERESTS

A. NATURE OF THE DISCLOSING PARTY

1. Indicate the nature of the Disclosing Party:

[ ] Person
[ ] Publicly registered business corporation
[X] Privately held business corporation
[ ] Sole proprietorship
[ ] General partnership
[ ] Limited partnership
[ ] Trust
[ ] Limited liability company
[ ] Limited liability partnership
[ ] Joint venture
[ ] Not-for-profit corporation
(Is the not-for-profit corporation also a 501(c)(3))?
[ ] Yes [ ] No
[ ] Other (please specify)

2. For legal entities, the state (or foreign country) of incorporation or organization, if applicable:

Delaware

3. For legal entities not organized in the State of Illinois: Has the organization registered to do business in the State of Illinois as a foreign entity?

[ ] Yes [X] No [ ] N/A

B. IF THE DISCLOSING PARTY IS A LEGAL ENTITY:

1. List below the full names and titles of all executive officers and all directors of the entity. **NOTE:** For not-for-profit corporations, also list below all members, if any, which are legal entities. If there are no such members, write "no members." For trusts, estates or other similar entities, list below the legal titleholder(s).

If the entity is a general partnership, limited partnership, limited liability company, limited liability partnership or joint venture, list below the name and title of each general partner, managing member, manager or any other person or entity that controls the day-to-day management of the Disclosing Party. **NOTE:** Each legal entity listed below must submit an EDS on its own behalf.

Name	Title
See Attachment "A"	

2. Please provide the following information concerning each person or entity having a direct or indirect beneficial interest (including ownership) in excess of 7.5% of the Disclosing Party. Examples of such an interest include shares in a corporation, partnership interest in a partnership or joint venture,

ATTACHMENT "A"

WFC HOLDINGS CORPORATION DIRECTORS

Jon R. Campbell	Director
James M. Strother	Director
Richard D. Levy	Director

WFC HOLDINGS CORPORATION EXECUTIVES:

Timothy J. Sloan	Senior Executive Vice President and Chief Financial Officer
James M. Strother	Executive Vice President
Carrie Lynn Tolstedt	President

interest of a member or manager in a limited liability company, or interest of a beneficiary of a trust, estate or other similar entity. If none, state "None." **NOTE**: Pursuant to Section 2-154-030 of the Municipal Code of Chicago ("Municipal Code"), the City may require any such additional information from any applicant which is reasonably intended to achieve full disclosure.

Name	Business Address	Percentage Interest in the Disclosing Party
Wells Fargo & Company	420 Montgomery Street, San Francisco, CA 94104	100%

SECTION III -- BUSINESS RELATIONSHIPS WITH CITY ELECTED OFFICIALS

Has the Disclosing Party had a "business relationship," as defined in Chapter 2-156 of the Municipal Code, with any City elected official in the 12 months before the date this EDS is signed?

[ ] Yes [x] No

If yes, please identify below the name(s) of such City elected official(s) and describe such relationship(s):

See Attachment "B"

SECTION IV -- DISCLOSURE OF SUBCONTRACTORS AND OTHER RETAINED PARTIES

The Disclosing Party must disclose the name and business address of each subcontractor, attorney, lobbyist, accountant, consultant and any other person or entity whom the Disclosing Party has retained or expects to retain in connection with the Matter, as well as the nature of the relationship, and the total amount of the fees paid or estimated to be paid. The Disclosing Party is not required to disclose employees who are paid solely through the Disclosing Party's regular payroll.

"Lobbyist" means any person or entity who undertakes to influence any legislative or administrative action on behalf of any person or entity other than: (1) a not-for-profit entity, on an unpaid basis, or (2) himself. "Lobbyist" also means any person or entity any part of whose duties as an employee of another includes undertaking to influence any legislative or administrative action.

If the Disclosing Party is uncertain whether a disclosure is required under this Section, the Disclosing Party must either ask the City whether disclosure is required or make the disclosure.

Attachment "B"

Section III – Business Relationships with City Elected Officials

The undersigned warrants, to the best of his knowledge after due inquiry, that the Disclosing Party has had no business relationship with any City elected official in 12 months before the date the undersigned has signed this EDS.

Note that in the ordinary course of its business, Wells Fargo Bank, N.A. makes loans of various types with individuals and businesses. We have determined that these loans do not constitute a "business relationship" as defined in Chapter 2-156 of the Municipal Code.

Note further that the Disclosing Party has no way of identifying spouses or domestic partners of any City elected official, or the identities of any entities in which any city elected official or his or her spouse or domestic partner has a financial interest, and thus limits its certification to "City elected officials" as specially required by Section III. Specifically, we made due inquiry with respect to the City's Aldermen, the Mayor, the Treasurer and the City Clerk.

Name (indicate whether retained or anticipated to be retained)	Business Address	Relationship to Disclosing Party (subcontractor, attorney, lobbyist, etc.)	Fees (indicate whether paid or estimated.) **NOTE:** "hourly rate" or "t.b.d." is not an acceptable response.

(Add sheets if necessary)

[X] Check here if the Disclosing Party has not retained, nor expects to retain, any such persons or entities.

SECTION V -- CERTIFICATIONS

A. COURT-ORDERED CHILD SUPPORT COMPLIANCE

Under Municipal Code Section 2-92-415, substantial owners of business entities that contract with the City must remain in compliance with their child support obligations throughout the contract's term.

Has any person who directly or indirectly owns 10% or more of the Disclosing Party been declared in arrearage on any child support obligations by any Illinois court of competent jurisdiction?

[ ] Yes [ ] No [X] No person directly or indirectly owns 10% or more of the Disclosing Party.

If "Yes," has the person entered into a court-approved agreement for payment of all support owed and is the person in compliance with that agreement?

[ ] Yes [ ] No

B. FURTHER CERTIFICATIONS

1. Pursuant to Municipal Code Chapter 1-23, Article I ("Article I")(which the Applicant should consult for defined terms (e.g., "doing business") and legal requirements), if the Disclosing Party submitting this EDS is the Applicant and is doing business with the City, then the Disclosing Party certifies as follows: (i) neither the Applicant nor any controlling person is currently indicted or charged with, or has admitted guilt of, or has ever been convicted of, or placed under supervision for, any criminal offense involving actual, attempted, or conspiracy to commit bribery, theft, fraud, forgery, perjury, dishonesty or deceit against an officer or employee of the City or any sister agency; and (ii) the Applicant understands and acknowledges that compliance with Article I is a continuing requirement for doing business with the City. NOTE: If Article I applies to the Applicant, the permanent compliance timeframe in Article I supersedes some five-year compliance timeframes in certifications 2 and 3 below.

2. The Disclosing Party and, if the Disclosing Party is a legal entity, all of those persons or entities identified in Section II.B.1. of this EDS:

a. are not presently debarred, suspended, proposed for debarment, declared ineligible or voluntarily excluded from any transactions by any federal, state or local unit of government;

b. have not, within a five-year period preceding the date of this EDS, been convicted of a criminal offense, adjudged guilty, or had a civil judgment rendered against them in connection with: obtaining, attempting to obtain, or performing a public (federal, state or local) transaction or contract under a public transaction; a violation of federal or state antitrust statutes; fraud; embezzlement; theft; forgery; bribery; falsification or destruction of records; making false statements; or receiving stolen property;

c. are not presently indicted for, or criminally or civilly charged by, a governmental entity (federal, state or local) with committing any of the offenses set forth in clause B.2.b. of this Section V;

d. have not, within a five-year period preceding the date of this EDS, had one or more public transactions (federal, state or local) terminated for cause or default; and

e. have not, within a five-year period preceding the date of this EDS, been convicted, adjudged guilty, or found liable in a civil proceeding, or in any criminal or civil action, including actions concerning environmental violations, instituted by the City or by the federal government, any state, or any other unit of local government.

3. The certifications in subparts 3, 4 and 5 concern:

• the Disclosing Party;
• any "Contractor" (meaning any contractor or subcontractor used by the Disclosing Party in connection with the Matter, including but not limited to all persons or legal entities disclosed under Section IV, "Disclosure of Subcontractors and Other Retained Parties");
• any "Affiliated Entity" (meaning a person or entity that, directly or indirectly: controls the Disclosing Party, is controlled by the Disclosing Party, or is, with the Disclosing Party, under common control of another person or entity. Indicia of control include, without limitation: interlocking management or ownership; identity of interests among family members, shared facilities and equipment; common use of employees; or organization of a business entity following the ineligibility of a business entity to do business with federal or state or local government, including the City, using substantially the same management, ownership, or principals as the ineligible entity); with respect to Contractors, the term Affiliated Entity means a person or entity that directly or indirectly controls the Contractor, is controlled by it, or, with the Contractor, is under common control of another person or entity;
• any responsible official of the Disclosing Party, any Contractor or any Affiliated Entity or any other official, agent or employee of the Disclosing Party, any Contractor or any Affiliated Entity, acting pursuant to the direction or authorization of a responsible official of the Disclosing Party, any Contractor or any Affiliated Entity (collectively "Agents").

Neither the Disclosing Party, nor any Contractor, nor any Affiliated Entity of either the Disclosing Party or any Contractor nor any Agents have, during the five years before the date this EDS is signed, or, with respect to a Contractor, an Affiliated Entity, or an Affiliated Entity of a Contractor during the five years before the date of such Contractor's or Affiliated Entity's contract or engagement in connection with the Matter:

a. bribed or attempted to bribe, or been convicted or adjudged guilty of bribery or attempting to bribe, a public officer or employee of the City, the State of Illinois, or any agency of the federal government or of any state or local government in the United States of America, in that officer's or employee's official capacity;

b. agreed or colluded with other bidders or prospective bidders, or been a party to any such agreement, or been convicted or adjudged guilty of agreement or collusion among bidders or prospective bidders, in restraint of freedom of competition by agreement to bid a fixed price or otherwise; or

c. made an admission of such conduct described in a. or b. above that is a matter of record, but have not been prosecuted for such conduct; or

d. violated the provisions of Municipal Code Section 2-92-610 (Living Wage Ordinance).

4. Neither the Disclosing Party, Affiliated Entity or Contractor, or any of their employees, officials, agents or partners, is barred from contracting with any unit of state or local government as a result of engaging in or being convicted of (1) bid-rigging in violation of 720 ILCS 5/33E-3; (2) bid-rotating in violation of 720 ILCS 5/33E-4; or (3) any similar offense of any state or of the United States of America that contains the same elements as the offense of bid-rigging or bid-rotating.

5. Neither the Disclosing Party nor any Affiliated Entity is listed on any of the following lists maintained by the Office of Foreign Assets Control of the U.S. Department of the Treasury or the Bureau of Industry and Security of the U.S. Department of Commerce or their successors: the Specially Designated Nationals List, the Denied Persons List, the Unverified List, the Entity List and the Debarred List.

6. The Disclosing Party understands and shall comply with the applicable requirements of Chapters 2-55 (Legislative Inspector General), 2-56 (Inspector General) and 2-156 (Governmental Ethics) of the Municipal Code.

7. If the Disclosing Party is unable to certify to any of the above statements in this Part B (Further Certifications), the Disclosing Party must explain below:

See Attachment "C"

ATTACHMENT "C"

ATTACHMENT TO SECTION V, PART B-CERTAIN OFFENSES INVOLVING CCC AND SISTER AGENCIES AND SECTION V, PART C-FURTHER CERTIFICATIONS

The Disclosing Party certifies the accuracy of the certifications contained in Section V, paragraph B (1-3) and C (1-5) only as to itself, and certifies that to the best of the Disclosing Party's knowledge after due inquiry: (i) the statements in paragraphs B (1-3) and C (1-5) are accurate with respect to the executive officers and directors of the Disclosing Party identified in Section II.B.1.a of the EDS and (ii) the statements in paragraphs C (3-5) are accurate with respect to any "Contractors" of the Disclosing Party identified in Section IV of the EDS.

Notwithstanding the forgoing, in the ordinary course of its business, Wells Fargo receives various complaints and lawsuits which contain an assortment of allegations, some of which may result in judgments against Wells Fargo. Like all major institutions, Wells Fargo is subject to various litigations and proceedings pursuant to which judgments, injunctions or liens may be issued. Wells Fargo responds regularly to inquiries and investigations by governmental entities and, as a highly regulated diversified financial institution has in the past entered into settlements of some of those investigations, including the one specified below. Wells Fargo Bank, N.A. has paid municipal fines in connection with a small number of houses for alleged violations of local housing ordinances, some of which are characterized as misdemeanors. However, there have been no judgments, injunctions or liens arising out of such litigations or proceedings in the last five years that would materially impair Wells Fargo's ability as of this date to conduct its business or meet its obligations under the transaction to which this EDS relates. Also in the ordinary course of its business, Wells Fargo regularly enters into financial transactions of various types with public entities throughout the United States. It is possible that one or more public entities have terminated a transaction for cause or default.

For a description of certain legal proceedings, please see the Wells Fargo's SEC filings, https://www.wellsfargo.com/invest_relations/filings, a summary of which are on file with the City. The City also has on file the Wells Fargo press release dated December 8, 2011 regarding the municipal derivatives bid practices settlement with the Office of the Comptroller of the Currency, Securities and Exchange Commission, the U.S. Internal Revenue Service, U.S. Department of Justice and a group of state Attorneys General. On February 9, 2012, Wells Fargo & Company issued a press release regarding an agreement with the federal government and state attorneys general concerning mortgage servicing, foreclosure and origination issues, and filed an SEC Form 8-K in accordance therewith. Material updates to Wells Fargo's SEC filings will be provided in connection with future EDS filings.

WELLS FARGO & COMPANY SEC FILINGS (**Attachment "C"**)

Legal Proceedings Section from 10-K filed 2/28/08 (Wachovia)

Wachovia and certain of our subsidiaries are involved in a number of judicial, regulatory and arbitration proceedings concerning matters arising from the conduct of our business activities. These proceedings include actions brought against Wachovia and/or its subsidiaries with respect to transactions in which Wachovia and/or our subsidiaries acted as banker, lender, underwriter, financial advisor or broker or in activities related thereto. In addition, Wachovia and its subsidiaries may be requested to provide information or otherwise cooperate with governmental authorities in the conduct of investigations of other persons or industry groups. It is Wachovia's policy to cooperate in all regulatory inquiries and investigations.

Although there can be no assurance as to the ultimate outcome, Wachovia and/or our subsidiaries have generally denied, or believe we have a meritorious defense and will deny, liability in all significant litigation pending against us, including the matters described below, and we intend to defend vigorously each such case. Reserves are established for legal claims when payments associated with the claims become probable and the costs can be reasonably estimated. The actual costs of resolving legal claims may be substantially higher or lower than the amounts reserved for those claims.

In the Matter of KPMG LLP Certain Auditor Independence Issues. The SEC has requested Wachovia to produce certain information concerning any agreements or understandings by which Wachovia referred clients to KPMG LLP during the period January 1, 1997 to November 2003 in connection with an inquiry regarding the independence of KPMG LLP as Wachovia's outside auditors during such period. Wachovia is continuing to cooperate with the SEC in its inquiry, which is being conducted pursuant to a formal order of investigation entered by the SEC on October 21, 2003. Wachovia believes the SEC's inquiry relates to certain tax services offered to Wachovia customers by KPMG LLP during the period from 1997 to early 2002, and whether these activities might have caused KPMG LLP not to be "independent" from Wachovia, as defined by applicable accounting and SEC regulations requiring auditors of an SEC-reporting company to be independent of the company. Wachovia and/or KPMG LLP received fees in connection with a small number of personal financial consulting transactions related to these services. KPMG LLP has confirmed to Wachovia that during all periods covered by the SEC's inquiry, including the present, KPMG LLP was and is "independent" from Wachovia under applicable accounting and SEC regulations.

Financial Advisor Wage/Hour Class Action Litigation. Wachovia Securities, LLC, Wachovia's retail securities brokerage subsidiary, is a defendant in multiple state and nationwide putative class actions alleging unpaid overtime wages and improper wage deductions for financial advisors. In December 2006 and January 2007, related cases pending in U.S. District courts in several states were consolidated for case administrative purposes in the U.S. District Court for the Central District of California pursuant to two orders of the Multi-District Litigation Panel. There is an additional case alleging a statewide class under California law, which is currently pending in Superior Court in Los Angeles County, California. Wachovia believes that it has meritorious defenses to the claims asserted in these lawsuits, which are part of an industry trend of related wage/hour class action litigation, and intends to defend vigorously the cases.

Adelphia Litigation. Certain Wachovia affiliates are defendants in an adversary proceeding previously pending in the United States Bankruptcy Court for the Southern District of New York related to the bankruptcy of Adelphia Communications Corporation ("Adelphia"). In February 2006, an order was entered moving the case to the United States District Court for the Southern District of New York. The Official Committee of Unsecured Creditors in Adelphia's bankruptcy case has filed claims on behalf of Adelphia against over 300 financial services companies, including the Wachovia affiliates. The complaint asserts claims against the defendants under state law, bankruptcy law and the Bank Holding Company Act and seeks equitable relief and an unspecified amount of compensatory and punitive damages. The Official Committee of Equity Security Holders has sought leave to intervene in that complaint and sought leave to bring additional claims against certain of the financial services companies, including the Wachovia affiliates, including additional federal and state claims. On August 30, 2005, the bankruptcy court granted the creditors' committee and the equity holders' committee standing to proceed with their claims. On June 11, 2007, the court granted in part and denied in part the motions to dismiss filed by Wachovia and other defendants. On July 11, 2007, Wachovia and other defendants requested leave to appeal the partial denial of the motions to dismiss. On January 17, 2008, the district court affirmed the decision of the bankruptcy court on the motion to dismiss with the exception that it dismissed one additional claim.

In addition, certain affiliates of Wachovia, together with numerous other financial services companies, have been named in several private civil actions by investors in Adelphia debt and/or equity securities, alleging among other claims, misstatements in connection with Adelphia securities offerings between 1997 and 2001. Wachovia affiliates acted as an underwriter in certain of those securities offerings, as agent and/or lender for certain Adelphia credit facilities, and as a provider of Adelphia's treasury/cash management services. These complaints, which seek unspecified damages, have been consolidated in the United States District Court for the Southern District of New York. In separate orders entered in May and July 2005, the District Court dismissed a number of the securities law claims asserted against Wachovia, leaving some securities law claims pending. Wachovia still has a pending motion to dismiss with respect to these claims. On June 15, 2006, the District Court signed the preliminary order with respect to a proposed settlement of the securities class action pending against Wachovia and the other financial services companies. At a fairness hearing on the settlement on November 10, 2006, the District Court approved the settlement. Wachovia's share of the settlement, $1.173 million, was paid in November 2006. The other private civil actions have not been settled.

Le-Nature's, Inc. Wachovia Bank, N.A. is the administrative agent on a $285 million credit facility extended to Le-Nature's, Inc. in September 2006, of which approximately $270 million was syndicated to other lenders by Wachovia Capital Markets, LLC as Lead Arranger and Sole Bookrunner. Le-Nature's was the subject of a Chapter 7 bankruptcy petition which was converted to a Chapter 11 bankruptcy petition in November 2006 in U.S. Bankruptcy Court in Pittsburgh, Pennsylvania following a report by a court-appointed custodian in a proceeding in Delaware that revealed fraud and significant accounting irregularities on the part of Le-Nature's management, including maintenance of a dual set of financial records. On March 14, 2007, Wachovia filed an action against several hedge funds in Superior Court for the State of North Carolina entitled *Wachovia Bank, National Association and Wachovia Capital Markets LLC v. Harbinger Capital Partners Master Fund I, Ltd. et al.*, alleging that the hedge fund defendants had acquired a significant quantity of the outstanding debt with full knowledge of the Le Nature's fraud and with the intention of pursuing alleged fraud and other tort claims against Wachovia purportedly related to its role in the Le-Nature's credit facility. The assertion of such claims would constitute a violation of North Carolina's legal and public policy prohibitions on champerty and maintenance. A preliminary injunction has been entered by the Court that, among other things, prohibits defendants from asserting any such claims in any other forum, but allowing these defendants to bring any claims they believe they possess against Wachovia as compulsory counterclaims in the North Carolina action. On September 18, 2007, these defendants filed an action in the U.S. District Court for the Southern District of New York against Wachovia Capital Markets LLC, a third party and two members of Le-Nature's management asserting claims arising under federal RICO laws. Three original purchasers of the debt also joined the action and asserted various tort claims, including fraud. Wachovia has filed a motion in the North Carolina court seeking to have these defendants held in contempt for violating the preliminary injunction and is seeking dismissal of the New York action. Wachovia, which itself was victimized by the Le-Nature's fraud, will pursue its rights against Le-Nature's and in this litigation vigorously.

Interchange Litigation. Wachovia Bank, N.A. and Wachovia are named as defendants in seven putative class actions filed on behalf of a plaintiff class of merchants with regard to the interchange fees associated with Visa and Mastercard payment card transactions. These actions have been consolidated with more than 40 other actions, which did not name Wachovia as a defendant, in the United Stated District Court for the Eastern District of New York. Visa, Mastercard and several banks and bank holding companies are named as defendants in various of these actions which were consolidated before the Court pursuant to orders of the Judicial Panel on Multidistrict Litigation. The amended and consolidated complaint asserts claims against defendants based on alleged violations of federal and state antitrust laws and seeks damages, as well as injunctive relief. Plaintiff merchants allege that Visa, Mastercard and their member banks unlawfully collude to set interchange fees. Plaintiffs also allege that enforcement of certain Visa and MasterCard rules and alleged tying and bundling of services offered to merchants are anticompetitive. The payment card association defendants and banking defendants are aggressively defending the consolidated action. Wachovia, along with other members of Visa, is a party to Loss and Judgment Sharing Agreements, which provide that Wachovia, along with other member banks of Visa, will share, based on a formula, in any losses in connection with certain litigation specified in the Agreements, including the Interchange Litigation. On November 7, 2007, Visa announced that it had reached a settlement with American Express in connection with certain litigation which is covered by Wachovia's obligations as a Visa member bank and by the Loss Sharing Agreement.

Payment Processing Center. On February 17, 2006, the U.S. Attorney's Office for the Eastern District of Pennsylvania filed a civil fraud complaint against a former Wachovia Bank, N.A. customer, Payment Processing Center ("PPC"). PPC

was a third party payment processor for telemarketing and catalogue companies. On April 12, 2007, a civil class action, *Faloney et al. v. Wachovia,* was filed against Wachovia in the U.S. District Court for the Eastern District of Pennsylvania by a putative class of consumers who made purchases through telemarketer customers of PPC. The suit alleges that between April 1, 2005 and February 21, 2006, Wachovia conspired with PPC to facilitate PPC's purported violation of RICO. The Office of the Comptroller of the Currency is conducting a formal investigation of Wachovia's handling of the PPC account relationship and of five other customers engaged in similar businesses. Wachovia is vigorously defending the civil lawsuit and is cooperating with government officials in the investigations of PPC and Wachovia's handling of the PPC customer relationship.

Municipal Derivatives Bid Practices Investigation. The Department of Justice ("DOJ") and the SEC, beginning in November 2006, have been requesting information from a number of financial institutions, including Wachovia Bank, N.A.'s municipal derivatives group, generally with regard to competitive bid practices in the municipal derivative markets. In connection with these inquiries, Wachovia Bank, N.A. has received subpoenas from both the DOJ and SEC seeking documents and information. The DOJ and the SEC have advised Wachovia Bank, N.A. that they believe certain of its employees engaged in improper conduct in conjunction with certain competitively bid transactions and, in November 2007, the DOJ notified two Wachovia Bank, N.A. employees, both of whom are on administrative leave, that they are regarded as targets of the DOJ's investigation. Wachovia Bank, N.A. has been cooperating and continues to fully cooperate with the government investigations.

Other Regulatory Matters. Governmental and self-regulatory authorities have instituted numerous ongoing investigations of various practices in the securities and mutual fund industries, including those discussed in Wachovia's previous filings with the SEC and those relating to sales practices and record retention. The investigations cover advisory companies to mutual funds, broker-dealers, hedge funds and others. Wachovia has received subpoenas and other requests for documents and testimony relating to the investigations, is endeavoring to comply with those requests, is cooperating with the investigations, and where appropriate, is engaging in discussions to resolve the investigations. Wachovia is continuing its own internal review of policies, practices, procedures and personnel, and is taking remedial action where appropriate.

Outlook. Based on information currently available, advice of counsel, available insurance coverage and established reserves, Wachovia believes that the eventual outcome of the actions against Wachovia and/or its subsidiaries, including the matters described above, will not, individually or in the aggregate, have a material adverse effect on Wachovia's consolidated financial position or results of operations. However, in the event of unexpected future developments, it is possible that the ultimate resolution of those matters, if unfavorable, may be material to Wachovia's results of operations for any particular period.

Legal Proceedings Section from 1st Quarter 2008 10-Q filed 5/12/08 (Wachovia)

Wachovia and certain of our subsidiaries are involved in a number of judicial, regulatory and arbitration proceedings concerning matters arising from the conduct of our business activities. These proceedings include actions brought against Wachovia and/or its subsidiaries with respect to transactions in which Wachovia and/or our subsidiaries acted as banker, lender, underwriter, financial advisor or broker or in activities related thereto. In addition, Wachovia and its subsidiaries may be requested to provide information or otherwise cooperate with governmental authorities in the conduct of investigations of other persons or industry groups. It is Wachovia's policy to cooperate in all regulatory inquiries and investigations.

Although there can be no assurance as to the ultimate outcome, Wachovia and/or our subsidiaries have generally denied, or believe we have a meritorious defense and will deny, liability in all significant litigation pending against us, including the matters described below, and we intend to defend vigorously each such case. Reserves are established for legal claims when payments associated with the claims become probable and the costs can be reasonably estimated. The actual costs of resolving legal claims may be substantially higher or lower than the amounts reserved for those claims.

The following supplements certain matters previously reported in Wachovia's Annual Report on Form 10-K for the year ended December 31, 2007.

Le-Nature's, Inc. Wachovia Bank, N.A. is the administrative agent on a $285 million credit facility extended to Le-Nature's, Inc. in September 2006, of which approximately $270 million was syndicated to other lenders by Wachovia

Capital Markets, LLC as Lead Arranger and Sole Bookrunner. Le-Nature's was the subject of a Chapter 7 bankruptcy petition which was converted to a Chapter 11 bankruptcy petition in November 2006 in U.S. Bankruptcy Court in Pittsburgh, Pennsylvania following a report by a court-appointed custodian in a proceeding in Delaware that revealed fraud and significant accounting irregularities on the part of Le-Nature's management, including maintenance of a dual set of financial records. On March 14, 2007, Wachovia filed an action against several hedge funds in Superior Court for the State of North Carolina entitled *Wachovia Bank, National Association and Wachovia Capital Markets LLC v. Harbinger Capital Partners Master Fund I, Ltd. et al.*, alleging that the hedge fund defendants had acquired a significant quantity of the outstanding debt with full knowledge of the Le Nature's fraud and with the intention of pursuing alleged fraud and other tort claims against Wachovia purportedly related to its role in the Le-Nature's credit facility. The assertion of such claims would constitute a violation of North Carolina's legal and public policy prohibitions on champerty and maintenance. A preliminary injunction was entered by the Court that, among other things, prohibited defendants from asserting any such claims in any other forum. On September 18, 2007, these defendants filed an action in the U.S. District Court for the Southern District of New York against Wachovia Capital Markets LLC, a third party and two members of Le-Nature's management asserting claims arising under federal RICO laws. Three original purchasers of the debt also joined the action and asserted various tort claims, including fraud. On March 13, 2008 the North Carolina judge granted Defendants' motion to stay the North Carolina action and modified the injunction to allow the Defendants to attempt to assert claims in the New York action, which they have now done. Wachovia has appealed this decision to the North Carolina Court of Appeals. Wachovia has filed a motion to dismiss the New York action which remains pending; if that motion is granted, the North Carolina judge has indicated that he will revisit the stay order. On April 4, 2008, Le-Nature's Director of Accounting pled guilty to four felony counts in federal district court in Pittsburgh, including one count of bank fraud for defrauding Wachovia. On April 28, 2008 holders of Le-Nature's Senior Subordinated Notes, an offering which was underwritten by Wachovia in June 2003, sued in state court in California alleging various fraud claims relating to that offering. Wachovia itself was victimized by the Le-Nature's fraud, and will pursue its rights against Le-Nature's and defend its interests vigorously in all litigation.

Payment Processing Center. On February 17, 2006, the U.S. Attorney's Office for the Eastern District of Pennsylvania filed a civil fraud complaint against a former Wachovia Bank, N.A. customer, Payment Processing Center ("PPC"). PPC was a third party payment processor for telemarketing and catalogue companies. On April 12, 2007, a civil class action, *Faloney et al. v. Wachovia,* was filed against Wachovia in the U.S. District Court for the Eastern District of Pennsylvania by a putative class of consumers who made purchases through telemarketer customers of PPC. The suit alleges that between April 1, 2005 and February 21, 2006, Wachovia conspired with PPC to facilitate PPC's purported violation of RICO. On February 15, 2008, a second putative class action, *Harrison v. Wachovia,* was filed in the U.S. District Court for the Eastern District of Pennsylvania by a putative class of consumers who made purchases through telemarketing customers of three other third party payment processors which banked with Wachovia. This suit alleges that Wachovia conspired with these payment processors to facilitate purported violations of RICO. On April 24, 2008, Wachovia and the Office of the Comptroller of the Currency ("OCC") entered into an Agreement to resolve the OCC's investigation into Wachovia's relationship with PPC and three other companies. The Agreement provides, among other things, that (i) Wachovia will provide restitution to consumers, (ii) will create a segregated account in the amount of $125 million to cover the estimated maximum cost of the restitution, (iii) will fund organizations that provide education for consumers over a two year period in the amount of $8.9 million, (iv) will make various changes to its policies and procedures related to customers that use remotely created checks and (v) will appoint a special Compliance Committee to oversee compliance with the Agreement. Wachovia and the OCC also entered into a Consent Order for Payment of a Civil Money Penalty whereby Wachovia, without admitting or denying the allegations contained therein, agreed to payment of a $10 million civil money penalty. Wachovia is cooperating with government officials and is vigorously defending the civil lawsuits.

Municipal Derivatives Bid Practices Investigation. The Department of Justice ("DOJ") and the SEC, beginning in November 2006, have been requesting information from a number of financial institutions, including Wachovia Bank, N.A.'s municipal derivatives group, generally with regard to competitive bid practices in the municipal derivative markets. In connection with these inquiries, Wachovia Bank, N.A. has received subpoenas from both the DOJ and SEC seeking documents and information. The DOJ and the SEC have advised Wachovia Bank, N.A. that they believe certain of its employees engaged in improper conduct in conjunction with certain competitively bid transactions and, in November 2007, the DOJ notified two Wachovia Bank, N.A. employees, both of whom are on administrative leave, that they are regarded as targets of the DOJ's investigation. Wachovia Bank, N.A. has been cooperating and continues to fully cooperate with the government investigations. In addition, Wachovia Bank N.A. and other financial institutions

have been named as defendants in four substantially identical purported class actions filed in different U.S. District Courts. The complaints allege that Wachovia Bank, N.A. and various co-defendant financial institutions engaged in an anti-competitive conspiracy regarding bids for municipal derivatives (including Guaranteed Investment Contracts) sold to issuers of municipal bonds. All the complaints assert claims for violations of Section 1 of the Sherman Act, and one complaint also asserts a claim for unjust enrichment. The defendants have filed motions to consolidate these actions into one proceeding. Wachovia intends to vigorously defend its rights in these actions.

Auction Rate Securities. Since February 2008 the auctions which set the rates for most auction rate securities have failed resulting in a lack of liquidity for these auction rate securities. Wachovia Securities, LLC and affiliated firms have received inquiries and subpoenas from the SEC and several state regulators requesting information concerning the underwriting, sale and subsequent auctions of municipal auction rate securities and auction rate preferred securities. Further review and inquiry is anticipated by the regulatory authorities and Wachovia will cooperate fully. Wachovia and Wachovia Securities, LLC have been named in a civil suit captioned *Judy M. Waldman Trustee v. Wachovia Corporation and Wachovia Securities LLC* filed March 19, 2008 in the United States District Court for the Southern District of New York. The suit seeks class action status for customers who purchased and continue to hold auction rate securities based upon alleged misrepresentations made with respect to the quality, risk and characteristics of auction rate securities. Wachovia intends to vigorously defend the civil litigation.

Other Regulatory Matters and Government Investigations. In the course of its banking and financial services businesses, Wachovia and its affiliates are subject to information requests and investigations by governmental and self-regulatory authorities. These authorities have instituted numerous ongoing investigations of various practices in the banking, securities and mutual fund industries, including those discussed in Wachovia's previous filings with the SEC and those relating to anti-money laundering, sales practices, record retention and other laws and regulations involving our customers and their accounts.

In general, the investigations cover advisory companies to mutual funds, broker-dealers, hedge funds and others and may involve the activities of customers or third parties with respect to accounts maintained by Wachovia or transactions in which Wachovia may be involved. Wachovia has received subpoenas and other requests for documents and testimony relating to the investigations, is endeavoring to comply with those requests, is cooperating with the investigations, and where appropriate, is engaging in discussions to resolve the investigations or take other remedial actions. These investigations include an investigation being conducted by the U.S. Attorney's Office for the Southern District of Florida into, among other matters, Wachovia's correspondent banking relationship with certain non-domestic exchange houses and Bank Secrecy Act and anti-money laundering compliance. In November 2007, Wachovia determined that it would stop providing correspondent banking services to non-domestic exchange houses and licensed foreign remittance companies. Wachovia is producing documents and is cooperating fully with the U.S. Attorney's Office's investigation.

Outlook. Based on information currently available, advice of counsel, available insurance coverage and established reserves, Wachovia believes that the eventual outcome of the actions against Wachovia and/or its subsidiaries, including the matters described above, will not, individually or in the aggregate, have a material adverse effect on Wachovia's consolidated financial position or results of operations. However, in the event of unexpected future developments, it is possible that the ultimate resolution of those matters, if unfavorable, may be material to Wachovia's results of operations for any particular period.

Legal Proceedings Section from 2nd Quarter 2008 10-Q filed 8/11/08 (Wachovia)

Adelphia Litigation. On July 17, 2008, the U.S. District Court for the Southern District of New York issued a ruling dismissing all of the creditors' committee and equity holders' committee bankruptcy-related claims.

Le-Nature's, Inc. The U.S. Bankruptcy Court confirmed Le-Nature's Plan of Reorganization and it became effective on July 28, 2008. Such plan includes the appointment of a liquidation trustee, who could bring claims on behalf of the estate against Wachovia and other third parties.

Municipal Derivatives Bid Practices Investigation. Wachovia Bank, N.A. has been informed that in connection with the bidding of various financial instruments associated with municipal securities, the Staff of the Securities and Exchange Commission is considering recommending that the Commission institute civil and/or administrative proceedings

against Wachovia Bank, N.A. In addition, Wachovia has received subpoenas from various states attorneys general regarding these matters. Wachovia Bank, N.A. is cooperating with the government investigations. Four previously disclosed purported private class actions have been assigned to the Southern District of New York for consolidated pre-trial proceedings. Two additional complaints were recently filed in California state court asserting claims similar to those in the purported class actions, along with claims under California law.

Golden West and Related Litigation. A purported securities class action, *Lipetz v. Wachovia Corporation, et al.*, has been filed in the U.S. District Court for the Southern District of New York by purported Wachovia shareholders alleging violations of Sections 10 and 20 of the Securities Exchange Act of 1934. Among other allegations, plaintiffs allege Wachovia's common stock price was artificially inflated as a result of allegedly misleading disclosures relating to the Golden West Financial Corp. ("Golden West") mortgage portfolio, Wachovia's exposure to other mortgage related products such as collateralized debt obligations ("CDOs"), control issues and auction rate securities.

A purported class action, *Miller, et al. v. Wachovia Corporation, et al.*, has been filed against Wachovia, its board of directors and certain senior officers in the New York Supreme Court for the County of Nassau, since removed by Wachovia to the U.S. District Court for the Eastern District of New York, relating to Wachovia's May 2007 issuance of trust preferred securities. The plaintiffs allege violations of Sections 11, 12 and 15 of the Securities Act of 1933 as a result of allegedly misleading disclosures relating to the Golden West mortgage portfolio. Seven purported class actions have been filed against Wachovia, its board of directors and certain senior officers in the U.S. District Court for the Southern District of New York on behalf of Wachovia employees who held shares of Wachovia common stock in their Wachovia Savings Plan accounts. The plaintiffs allege breach of fiduciary duty under ERISA, among other things, claiming that the defendants should not have permitted Wachovia common stock to remain an investment option in the Savings Plan because alleged misleading disclosures relating to the Golden West mortgage portfolio, exposure to CDOs and other problem loans, and other alleged misstatements made its stock a risky and imprudent investment for employee retirement accounts. In addition, several purported shareholders have submitted notices that they may initiate, and one purported shareholder has filed a complaint, *Estate of Joseph Romain v. Wachovia Corporation, et al.*, in the U.S. District Court for the Southern District of New York initiating, shareholder derivative claims alleging breaches of fiduciary duty against Wachovia's board of directors and various senior officers arising out of various alleged failures of controls relating to its disclosures regarding the Golden West mortgage portfolio, CDOs, and other alleged control issues involving anti-money laundering, bank owned life insurance, auction rate securities, municipal derivatives bid practices and the previously disclosed settlement with the OCC in the *Payment Processing Center* matter. These matters are in a preliminary stage. Wachovia intends to defend vigorously each such case.

Auction Rate Securities. Wachovia is engaged in active settlement discussions with various state regulators and the SEC of ongoing investigations concerning the underwriting, sale and subsequent auctions of certain auction rate securities by Wachovia Securities, LLC, and Wachovia Capital Markets, LLC, including the likelihood of liquidity solutions. See also "Management's Discussion & Analysis" in the Financial Supplement contained in Exhibit (19) to this Report.

Outlook. Based on information currently available, advice of counsel, available insurance coverage and established reserves, Wachovia believes that the eventual outcome of the actions against Wachovia and/or its subsidiaries, including the matters described above, will not, individually or in the aggregate, have a material adverse effect on Wachovia's consolidated financial position or results of operations. However, in the event of unexpected future developments, it is possible that the ultimate resolution of those matters, if unfavorable, may be material to Wachovia's results of operations for any particular period.

8-K August 15, 2008 (Wachovia)

Terms of the agreement in principle include the following:

- Wachovia will offer to purchase at par ARS held by all individuals, charities and religious organizations, as well as ARS held by small and medium-sized businesses with account values and household values of $10 million or less, that were purchased at Wachovia on or before Feb. 13, 2008. These purchases will commence no later than November 10, 2008, and conclude no later than Nov. 28, 2008, for clients who accept this offer. ARS that are the subject of functioning auctions will not be eligible for purchase.

- Wachovia will offer to purchase at par ARS held by all other clients that were purchased at Wachovia on or before Feb. 13, 2008. These purchases will commence no later than June 10, 2009, for clients who accept this offer and conclude no later than June 30, 2009. ARS that are the subject of functioning auctions will not be eligible for purchase.
- Wachovia will also reimburse investors who can reasonably be identified and who would have been covered by the offer but who sold their ARS below par, between Feb. 13, 2008, and the date of entry of the settlement, for the difference between par and the price at which the investor sold the ARS. The reimbursement will be made by Nov. 28, 2008.
- In addition to Wachovia's offer to purchase ARS from clients, Wachovia will offer loans to affected clients in need of liquidity until the ARS repurchases occur.
- Wachovia will refund refinancing fees to municipal ARS issuers who issued ARS in the initial primary market between Aug. 1, 2007, and Feb. 13, 2008, and refinanced those securities after Feb. 13, 2008.
- Wachovia will pay a total fine of $50 million to the state regulatory agencies, which will be distributed to the States as determined by the North American Securities Administrators Association and the State of New York.
- Wachovia neither admits nor denies allegations of wrongdoing.

As previously disclosed in Wachovia's Second Quarter Report on Form 10-Q filed with the Securities and Exchange Commission on Aug. 11, 2008, in connection with the expectation of a potential settlement of ARS matters, Wachovia recorded a $500 million pre-tax increase to legal reserves, including amounts reserved for estimated market valuation losses on affected ARS, for the second quarter of 2008, based on estimates and assumptions at the time of the filing. Based on the terms of today's agreement in principle, the timing and currently estimated amounts of ARS to be purchased in the offer, current market conditions, expected future redemptions, and expected sales by Wachovia to third parties of a portion of ARS to be purchased in the offer, Wachovia currently expects to record a further $275 million pre-tax increase to legal reserves in the third quarter of 2008. Wachovia also currently expects that its Tier 1 capital ratio will decrease by approximately 8 basis points in the third quarter 2008, reflecting the additional increase in legal reserves and the capital impact of the offers. Wachovia does not currently expect that the purchase of ARS under the agreement in principle will have a material effect on capital, liquidity or overall financial results through expected maturities or redemptions of the ARS purchased, or alter Wachovia's previously announced focus on improving its Tier 1 capital ratio.

Wachovia currently estimates that the par value of ARS currently outstanding and eligible for purchase under the above offers totals approximately $8.5 billion. Following the purchases of ARS by Wachovia pursuant to the offers, and based on expected future redemptions and the expected sales of ARS to third parties described

Legal Proceedings Section from 3rd Quarter 2008 10-Q filed 10/30/08 (Wachovia)

Le Nature's, Inc. On August 26, 2008, the U.S. District Court dismissed the case pending against Wachovia in the Southern District of New York. Plaintiffs have appealed that ruling. Plaintiffs also filed a case asserting similar allegations in the New York State Supreme Court for the County of Manhattan; Wachovia has filed a motion to stay this case pending final resolution of the federal action. In addition, the Bondholder case filed against Wachovia in California has been transferred by the U.S. District Court for the Northern District of California to the U.S. District Court for the Western District of Pennsylvania.

Interchange Litigation. On October 14, 2008, Visa announced an agreement in principle to settle litigation commenced by Discover Card against it. Wachovia has certain obligations to Visa as a member bank and in connection with its previously disclosed Loss Sharing agreement with Visa. Wachovia has fully reserved for these obligations.

Payment Processing Center. On August 14, 2008, Wachovia reached agreements to settle the Faloney and Harrison class action lawsuits. The settlements have received preliminary approval from the U.S. District Court for the Eastern District of Pennsylvania, with a fairness hearing scheduled for January 2009.

Municipal Derivatives Bid Practices Investigation. Wachovia, along with numerous other financial institutions, has received a number of additional civil complaints from various municipalities filed in various state and federal courts. A number of the federal cases are in the process of being consolidated through the Multi-District Litigation procedures.

Auction Rate Securities. On August 15, 2008, Wachovia announced it had reached settlements in principle with the Secretary of State for the State of Missouri (as the lead state in the North American Securities Administrators Association task force investigating the marketing and sale of auction rate securities), with the New York State Attorney General's Office and with the SEC of their respective investigations of sales practice and other issues related to the sales of auction rate securities ("ARS") by certain affiliates and subsidiaries of Wachovia. Without admitting or denying liability, the agreements in principle require that Wachovia purchase certain ARS sold to customers in accounts at Wachovia, reimburse investors who sold ARS purchased at Wachovia for less than par, provide liquidity loans to customers at no net interest until the ARS are repurchased, offer to participate in special arbitration procedures with customers who claim consequential damages from the lack of liquidity in ARS and refund refinancing fees to certain municipal issuers who issued ARS and later refinanced those securities through Wachovia. Wachovia, without admitting or denying liability, will also pay a total fine of $50 million to the state regulatory agencies and agree to entry of consent orders by the two state regulators and an injunction by the SEC. Wachovia intends to begin buying back the ARS in November 2008. In addition, Wachovia is a defendant in three new purported civil class actions relating to its sale of ARS.

Baytide Petroleum v. Wachovia Securities, LLC, et al. was filed in the U.S. District Court for the Northern District of Oklahoma. The other two cases, Mayfield v. Wachovia Securities, LLC, et al. and Mayor and City of Baltimore v. Wachovia Securities, LLC, et al., were both filed in the U.S. District Court for the Southern District of New York and allege identical antitrust related claims.
Golden West and Related Litigation. On October 14, 2008, the New York City Pension Funds was named the lead plaintiff in the Lipetz matter and an order is in place setting the timeframe for filing an amended complaint and response thereto. The plaintiff in Estate of Romain voluntarily dismissed its shareholder derivative case against Wachovia. A new shareholder derivative case, Arace v Wachovia Corporation, et al., was filed on September 10, 2008, in the U.S. District Court for the Southern District of New York.

Evergreen Ultra Short Opportunities Fund (the "Fund") Investigation. The SEC and the Secretary of the Commonwealth, Securities Division, of the Commonwealth of Massachusetts are conducting separate investigations of Evergreen Investment Management Company, LLC ("EIMCO") and Evergreen Investment Services, Inc. ("EIS") concerning alleged issues surrounding the drop in net asset value of the Fund in May and June 2008. In addition, various Evergreen entities are defendants in three purported class actions, Keefe v. EIMCO , et al.; Krantzberg v. Evergreen Fixed Income Trust, et al.; and Mierzwinski v. EIMCO , et al., all filed in the U.S. District Court for the District of Massachusetts and related to the same events. The cases generally allege that investors in the Fund suffered losses as a result of (i) misleading statements in the Fund's prospectus, (ii) the failure to accurately price securities in the Fund at different points in time and (iii) the failure of the Fund's risk disclosures and description of its investment strategy to inform investors adequately of the actual risks of the fund.

Merger Related Litigation. On October 4, 2008, Citigroup, Inc. ("Citigroup") purported to commence an action in the Supreme Court in the State of New York captioned Citigroup, Inc. v. Wachovia Corp., et al., naming as defendants Wachovia, Wells Fargo, and the directors of both companies. The complaint alleged that Wachovia breached an exclusivity agreement with Citigroup, which by its terms was to expire on October 6, 2008, by entering into negotiations and an eventual acquisition agreement with Wells Fargo, and that Wells Fargo and the individual defendants had tortiously interfered with the same contract. In the complaint, Citigroup seeks $20 billion in compensatory damages and $40 billion in punitive damages. After significant procedural activity over the week of October 4-9, including a voluntary dismissal and re-filing of the action in amended form, the case was removed on October 9 to the U.S. District Court for the Southern District of New York. On October 10, Citigroup filed a motion to remand the case to the New York state court, and filed a new proposed amended complaint. The proposed amended complaint includes claims for breach of contract, tortious interference with contract, unjust enrichment, promissory estoppel, and quantum meruit. In the proposed amended complaint, which the court has not yet approved, Citigroup

seeks $20 billion in compensatory damages, $20 billion in restitutionary and unjust enrichment damages, and $40 billion in punitive damages. On October 24, Wachovia and Wells Fargo filed a joint response to the motion to remand. On October 4, 2008, Wachovia filed a complaint in the U. S. District Court for the Southern District of New York, captioned Wachovia Corp. v. Citigroup, Inc. The complaint seeks declaratory relief, stating that the Wells Fargo merger agreement is valid, proper, and not prohibited by the exclusivity agreement. On October 5, Wachovia filed a motion for a preliminary injunction seeking to prevent Citigroup from interfering with or impeding its merger with Wells Fargo. On October9, 2008, Citigroup issued a press release stating that Citigroup would no longer seek to enjoin the merger, but would continue to seek compensatory and punitive damages against Wachovia and Wells Fargo. On October 14, 2008, Wells Fargo filed a related complaint in the U. S. District Court for the Southern District of New York, captioned Wells Fargo v. Citigroup, Inc. The complaint seeks declaratory and injunctive relief, stating that the Wells Fargo merger agreement is valid, proper, and not prohibited by the exclusivity agreement. Citigroup has moved to dismiss the complaint. On October 8, 2008, a purported class action complaint captioned Irving Ehrenhaus v. John D. Baker, et al., was filed in the Superior Court for the County of Mecklenburg in the State of North Carolina. The complaint names as defendants Wachovia, Wells Fargo, and the directors of Wachovia. The complaint alleges that the Wachovia directors breached their fiduciary duties in approving the merger with Wells Fargo at an allegedly inadequate price, and that the Wells Fargo directors aided and abetted the alleged breaches of fiduciary duty. The action seeks to enjoin the Wells Fargo merger, or to recover compensatory or rescissory damages if the merger is consummated, as well as an award of attorneys' fees and costs. Plaintiffs have asked the Court for expedited discovery and to set a hearing date for a preliminary injunction motion to enjoin the shareholder vote and the closing of the transaction.

Data Treasury Litigation. Wachovia Bank, N.A. and Wachovia Corporation are among over 55 defendants named in two actions asserting patent infringement claims filed by Data Treasury Corporation in the U.S. District Court for the Eastern District of Texas. Data Treasury seeks a declaration that its patents are valid and have been infringed, and seeks damages and permanent injunctive relief. One of the cases is stayed pending re-examination of the patents by the U.S. Patent Office and the other case is currently in discovery.

Outlook. Based on information currently available, advice of counsel, available insurance coverage and established reserves, Wachovia believes that the eventual outcome of the actions against Wachovia and/or its subsidiaries, including the matters described above, will not, individually or in the aggregate, have a material adverse effect on Wachovia's consolidated financial position or results of operations. However, in the event of unexpected future developments, it is possible that the ultimate resolution of those matters, if unfavorable, may be material to Wachovia's results of operations for any particular period.

FORM 10-K WELLS FARGO & COMPANY- Filed February 27, 2009 (Wells)

ITEM 3. LEGAL PROCEEDINGS

Information in response to this Item 3 can be found in the 2008 Annual Report to Stockholders under "Financial Statements – Notes to Financial Statements – Note 15 (Guarantees and Legal Actions)" on pages 128-131. That information is incorporated into this report by reference.

NOTE 15 WELLS FARGO & COMPANY 2008 ANNUAL REPORT: (Wells)

Legal Actions

Wells Fargo and certain of our subsidiaries are involved in a number of judicial, regulatory and arbitration proceedings concerning matters arising from the conduct of our business activities. These proceedings include actions brought against Wells Fargo and/or our subsidiaries with respect to corporate related matters and transactions in which Wells Fargo and/or our subsidiaries were involved. In addition, Wells Fargo and our subsidiaries may be requested to provide information or otherwise cooperate with governmental authorities in the conduct of investigations of other persons or industry groups. Although there can be no assurance as to the ultimate outcome, Wells Fargo and/or our subsidiaries have generally denied, or believe we have a meritorious defense and will deny, liability in all significant litigation pending against us, including the matters described below, and we intend to defend vigorously each case, other than matters we describe as having settled. Reserves are established for legal claims when payments associated with the claims become probable and the costs can be reasonably estimated. The actual costs of resolving legal claims may be substantially higher or lower than the amounts reserved for those claims.

ADELPHIA LITIGATION Wachovia Bank, N.A. and Wachovia Capital Markets, LLC, are defendants in an adversary proceeding previously pending in the United States Bankruptcy Court for the Southern District of New York related to the bankruptcy of Adelphia Communications Corporation (Adelphia). The Official Committee of Unsecured Creditors in Adelphia's bankruptcy case filed the claims; the current plaintiff is the Adelphia Recovery Trust, which was substituted as the plaintiff pursuant to Adelphia's confirmed plan of reorganization. In February 2006, an order was entered moving the case to the United States District Court for the Southern District of New York. The complaint asserts claims against the defendants under state law, bankruptcy law and the Bank Holding Company Act and seeks equitable relief and an unspecified amount of compensatory and punitive damages. On June 11, 2007, the Bankruptcy Court granted in part and denied in part the motions to dismiss filed by the two Wachovia entities and other defendants. On January 17, 2008, the District Court affirmed the decision of the Bankruptcy Court on the motion dismiss with the exception that it dismissed one additional claim. On July 17, 2008, the District Court issued a ruling dismissing all of the bankruptcy related claims. The remaining claims essentially allege the banks should be liable to Adelphia on theories of aiding and abetting a breach of fiduciary duty and violation of the Bank Holding Company Act. The case is now in discovery.

AUCTION RATE SECURITIES On August 15, 2008, Wachovia Securities, LLC and Wachovia Capital Markets, LLC (collectively the Wachovia Securities Affiliates) announced they had reached settlements in principle with the Secretary of State for the State of Missouri (as the lead state in the North American Securities Administrators Association task force investigating the marketing and sale of auction rate securities), and with the New York State Attorney General's Office of their respective investigations of sales practice and other issues related to the sales of auction rate securities (ARS). Wachovia Securities also announced a settlement in principle with the Securities and Exchange Commission (SEC) of its similar investigation. Without admitting or denying liability, the agreements in principle require that the Wachovia Securities Affiliates purchase certain ARS sold to customers in accounts at the Wachovia Securities Affiliates, reimburse investors who sold ARS purchased at the Wachovia Securities Affiliates for less than par, provide liquidity loans to customers at no net interest until the ARS are repurchased, offer to participate in special arbitration procedures with customers who claim consequential damages from the lack of liquidity in ARS and refund refinancing fees to certain municipal issuers who issued ARS and later refinanced those securities through the Wachovia Securities Affiliates. Without admitting or denying liability, the Wachovia Securities Affiliates will also pay a total fine of $50 million to the state regulatory agencies and agreed to entry of consent orders by the two state regulators and Wachovia Securities, LLC agreed to entry of an injunction by the SEC. All three settlements in principle have been finalized. The Wachovia Securities Affiliates began the buy back of ARS in November 2008. The second and final phase of the buy back will take place in June 2009. Wells Fargo Investments, LLC (WFI), Wells Fargo Brokerage Services, LLC, and Wells Fargo Institutional Securities, LLC are engaged in discussions with regulators concerning the sale of ARS. On November 20, 2008, the State of Washington Department of Financial Institutions filed a proceeding entitled *In the Matter of determining whether there has been a violation of the Securities Act of Washington by: Wells Fargo Investments, LLC; Wells Fargo Brokerage Services, LLC; and Wells Fargo Institutional Securities, LLC*. The action seeks a cease and desist order against violations of the anti-fraud and suitability provisions of the Washington Securities Act. In addition, several purported civil class actions relating to the sale of ARS are currently pending against various Wells Fargo affiliated defendants.

DATA TREASURY LITIGATION Wells Fargo & Company, Wells Fargo Bank, N.A., Wachovia Bank, N.A. and Wachovia Corporation are among over 55 defendants named in two actions asserting patent infringement claims filed by Data Treasury Corporation in the U.S. District Court for the Eastern District of Texas. Data Treasury seeks a declaration that its patents are valid and have been infringed, and seeks damages and permanent injunctive relief. The cases are currently in discovery.

ELAVON LITIGATION On January 16, 2009, Elavon, Inc., a provider of merchant processing services, filed a complaint in the U.S. District Court for the Northern District of Georgia against Wachovia Corporation, Wachovia Bank, N.A., Wells Fargo & Company, and Wells Fargo Bank, N.A. The complaint seeks equitable relief, including specific performance, and damages for Wachovia Bank's allegedly wrongful termination of its merchant referral contract with Elavon. The complaint also seeks damages, including punitive damages, against the Wells Fargo entities for tortious interference with contractual relations.

ERISA LITIGATION Seven purported class actions have been filed against Wachovia Corporation, its board of directors and certain senior officers in the U.S. District Court for the Southern District of New York on behalf of employees of Wachovia Corporation and its affiliates who held shares of Wachovia Corporation common stock in their Wachovia Savings Plan accounts. The plaintiffs allege breach of fiduciary duty under ERISA, among other things,

claiming that the defendants should not have permitted Wachovia Corporation common stock to remain an investment option in the Savings Plan because alleged misleading disclosures relating to the Golden West mortgage portfolio, exposure to CDOs and other problem loans, and other alleged misstatements made its stock a risky and imprudent investment for employee retirement accounts.

GOLDEN WEST AND RELATED LITIGATION A purported securities class action, *Lipetz v. Wachovia Corporation, et al.*, was filed on July 7, 2008, in the U.S. District Court for the Southern District of New York by purported Wachovia Corporation shareholders alleging violations of Sections 10 and 20 of the Securities Exchange Act of 1934. An amended complaint was filed on December 15, 2008. Among other allegations, plaintiffs allege Wachovia Corporation's common stock price was artificially inflated as a result of allegedly misleading disclosures relating to the Golden West Financial Corp. (Golden West) mortgage portfolio, Wachovia Corporation's exposure to other mortgage related products such as CDOs, control issues and auction rate securities. The defendants have until February 27, 2009, to respond to the complaint. A purported class action, *Miller, et al. v. Wachovia Corporation, et al.*, was filed on January 31, 2008, against Wachovia Corporation, its board of directors and certain senior officers in the New York Supreme Court for the County of Nassau, relating to Wachovia Corporation's May 2007 issuance of trust preferred securities. The plaintiffs allege violations of Sections 11, 12 and 15 of the Securities Act of 1933 as a result of allegedly misleading disclosures relating to the Golden West mortgage portfolio. Wachovia Corporation removed the case to the U.S. District Court for the Eastern District of New York. On January 16, 2009, the case was voluntarily dismissed by the plaintiff and, on the same day, was refiled in the Superior Court of the State of California, Alameda County. A similar case, *Swiskay v Wachovia Corporation, et al.*, was filed on December 19, 2008, in the same court. The *Swiskay* case is essentially identical to the *Miller* case except it includes allegations relating to additional Wachovia preferred offerings. On January 21, 2009, a third case, *Orange County Employees' Retirement System, et al. v. Wachovia Corporation, et al.*, was also filed in the same California Superior Court on behalf of Orange County Employees' Retirement System and others. The complaint contains similar allegations to the *Miller* and *Swiskay* cases, except it includes some additional individuals and non-affiliated entities as defendants and adds claims relating to additional issuances of preferred stock and debt securities. Wells Fargo will file appropriate venue and other motions in response to these actions. Several government agencies are investigating matters similar to the issues raised in this litigation. Wells Fargo and its affiliates are cooperating fully.

INTERCHANGE LITIGATION Wells Fargo Bank, N.A., Wells Fargo & Company, Wachovia Bank, N.A. and Wachovia Corporation are named as defendants, separately or in combination, in putative class actions filed on behalf of a plaintiff class of merchants and individual actions brought by individual merchants with regard to the interchange fees associated with Visa and MasterCard payment card transactions. These actions have been consolidated in the United States District Court for the Eastern District of New York. Visa, MasterCard and several banks and bank holding companies are named as defendants in various of these actions. The amended and consolidated complaint asserts claims against defendants based on alleged violations of federal and state antitrust laws and seeks damages, as well as injunctive relief. Plaintiff merchants allege that Visa, MasterCard and their member banks unlawfully colluded to set interchange rates. Plaintiffs also allege that enforcement of certain Visa and MasterCard rules and alleged tying and bundling of services offered to merchants are anticompetitive. Wells Fargo and Wachovia, along with other members of Visa, are parties to Loss and Judgment Sharing Agreements, which provide that they, along with other member banks of Visa, will share, based on a formula, in any losses from certain litigation specified in the Agreements, including the Interchange Litigation.

LE-NATURE'S, INC. Wachovia Bank, N.A. is the administrative agent on a $285 million credit facility extended to Le-Nature's, Inc. in September 2006, of which approximately $270 million was syndicated to other lenders by Wachovia Capital Markets, LLC. Le-Nature's was the subject of a Chapter 7 bankruptcy petition which was converted to a Chapter 11 bankruptcy petition in November 2006 in the U.S. Bankruptcy Court for the Western District of Pennsylvania. The filing was precipitated by an apparent fraud relating to Le-Nature's financial condition. On March 14, 2007, the two Wachovia entities filed an action against several hedge funds in the Superior Court for the State of North Carolina, Mecklenburg County, alleging that the hedge fund defendants had acquired a significant quantity of the outstanding debt with full knowledge of Le-Nature's fraud and with the intention of pursuing alleged fraud and other tort claims against the two Wachovia entities purportedly related to their role in Le-Nature's credit facility. A preliminary injunction was entered by the Court that, among other things, prohibited defendants from asserting any such claims in any other forum. On September 18, 2007, these defendants filed an action in the U.S. District Court for the Southern District of New York against Wachovia Capital Markets, a third party and two members of Le-Nature's management asserting claims arising under federal RICO laws. On March 13, 2008, the North Carolina judge granted Defendants' motion to stay the North Carolina action and modified the injunction to allow the Defendants to attempt

to assert claims in the New York action. The Wachovia entities have appealed. Wachovia Capital Markets filed a motion to dismiss the New York action which was granted on August 26, 2008. Plaintiffs have appealed that ruling. Plaintiffs subsequently filed a case asserting similar allegations in the New York State Supreme Court for the County of Manhattan. On April 28, 2008, holders of Le-Nature's Senior Subordinated Notes, an offering which was underwritten by Wachovia Capital Markets in June 2003, sued alleging various fraud claims; this case is pending in the U.S. District Court for the Western District of Pennsylvania. On October 30, 2008, the liquidation trust in Le-Nature's bankruptcy filed suit against a number of individuals and entities, including Wachovia Capital Markets, LLC, and Wachovia Bank, N.A., in the U.S. District Court for the Western District of Pennsylvania, asserting a variety of claims on behalf of the estate.

MERGER RELATED LITIGATION On October 4, 2008, Citigroup, Inc. (Citigroup) purported to commence an action in the Supreme Court of the State of New York for the County of Manhattan, captioned *Citigroup, Inc. v. Wachovia Corp., et al.*, naming as defendants Wachovia Corporation (Wachovia), Wells Fargo & Company (Wells Fargo), and the directors of both companies. The complaint alleged that Wachovia Corporation breached an exclusivity agreement with Citigroup, which by its terms was to expire on October 6, 2008, by entering into negotiations and an eventual acquisition agreement with Wells Fargo, and that Wells Fargo and the individual defendants had tortiously interfered with the same contract. In the complaint, Citigroup seeks $20 billion in compensatory damages and $40 billion in punitive damages. After significant procedural activity over the week of October 4-9, 2008, including a voluntary dismissal and re-filing of the action in amended form, the case was removed on October 9, 2008, to the U.S. District Court for the Southern District of New York. On October 10, 2008, Citigroup filed a motion to remand the case to the New York state court, and filed a new proposed amended complaint. The proposed amended complaint includes claims for breach of contract, tortious interference with contract, unjust enrichment, promissory estoppel, and quantum meruit. In the proposed amended complaint, which the court has not yet approved, Citigroup seeks $20 billion in compensatory damages, $20 billion in restitutionary and unjust enrichment damages, and $40 billion in punitive damages. On October 24, 2008, Wachovia Corporation and Wells Fargo filed a join response to the motion to remand. On October 4, 2008, Wachovia Corporation filed a complaint in the U.S. District Court for the Southern District of New York, captioned *Wachovia Corp. v. Citigroup, Inc.* The complaint seeks declaratory relief, stating that the Wells Fargo merger agreement is valid, proper, and not prohibited by the exclusivity agreement. On October 5, 2008, Wachovia filed a motion for a preliminary injunction seeking to prevent Citigroup from interfering with or impeding its merger with Wells Fargo. On October 9, 2008, Citigroup issued a press release stating that Citigroup would no longer seek to enjoin the merger, but would continue to seek compensatory and punitive damages against Wachovia Corporation and Wells Fargo. On October 14, 2008, Wells Fargo filed a related complaint in the U.S. District Court for the Southern District of New York, captioned *Wells Fargo v. Citigroup, Inc.* The complaint seeks declaratory and injunctive relief, stating that the Wells Fargo merger agreement is valid, proper, and not prohibited by the exclusivity agreement. Citigroup has moved to dismiss the complaint. The cases have been assigned to the same judge for further proceedings.

MUNICIPAL DERIVATIVES BID PRACTICES INVESTIGATION The Department of Justice (DOJ) and the SEC, beginning in November 2006, have been requesting information from a number of financial institutions, including Wachovia Bank, N.A.'s municipal derivatives group, generally with regard to competitive bid practices in the municipal derivative markets. In connection with these inquiries, Wachovia Bank has received subpoenas from both the DOJ and SEC as well as requests from the OCC and several states seeking documents and information. The DOJ and the SEC have advised Wachovia Bank that they believe certain of its employees engaged in improper conduct in conjunction with certain competitively bid transactions and, in November 2007, the DOJ notified two Wachovia Bank employees, both of whom have since been terminated, that they are regarded as targets of the DOJ's investigation. Wachovia Bank has been cooperating and continues to fully cooperate with the government investigations.

Wachovia Bank, along with a number of other banks and financial services companies, has also been named as a defendant in a number of substantially identical purported class actions, filed in various state and federal courts by various municipalities alleging they have been damaged by the activity which is the subject of the governmental investigations. A number of the federal matters have been consolidated for pre trial proceedings.

PAYMENT PROCESSING CENTER On February 17, 2006, the U.S. Attorney's Office for the Eastern District of Pennsylvania filed a civil fraud complaint against a former Wachovia Bank, N.A. customer, Payment Processing Center (PPC). PPC was a third party payment processor for telemarketing and catalogue companies. On April 12, 2007, a civil class action, *Faloney et al. v. Wachovia Bank, N.A.*, was filed against Wachovia Bank in the U.S. District Court for the Eastern District of Pennsylvania by a putative class of consumers who made purchases through telemarketer

customers of PPC. The suit alleges that between April 1, 2005 and February 21, 2006, Wachovia Bank conspired with PPC to facilitate PPC's purported violation of RICO. On February 15, 2008, a second putative class action, *Harrison v. Wachovia Bank, N.A.*, was filed in the U.S. District Court for the Eastern District of Pennsylvania by a putative class of consumers who made purchases through telemarketing customers of three other third party payment processors which banked with Wachovia Bank. This suit alleges that Wachovia Bank conspired with these payment processors to facilitate purported violations of RICO. On April 24, 2008, Wachovia and the Office of the Comptroller of the Currency (OCC) entered into an Agreement to resolve the OCC's investigation into Wachovia's relationship with PPC and three other companies. The Agreement provides, among other things, that (i) Wachovia will provide restitution to consumers, (ii) will create a segregated account in the amount of $125 million to cover the estimated maximum cost of the restitution, (iii) will fund organizations that provide education for consumers over a two year period in the amount of $8.9 million, (iv) will make various changes to its policies and procedures related to customers that use remotely created checks and (v) will appoint a special Compliance Committee to oversee compliance with the Agreement. Wachovia Bank and the OCC also entered into a Consent Order for Payment of a Civil Money Penalty whereby Wachovia, without admitting or denying the allegations contained therein, agreed to payment of a $10 million civil money penalty. The OCC Agreement was amended on December 8, 2008, to provide for direct restitution payments and those payments were mailed to consumers on December 11, 2008. Wachovia Bank is cooperating with government officials to administer the OCC settlement and in their further inquiries.

On August 14, 2008, Wachovia Bank reached agreements to settle the *Faloney* and *Harrison* class action lawsuits. The settlements received approval from the U.S. District Court for the Eastern District of Pennsylvania on January 23, 2009.

OTHER REGULATORY MATTERS AND GOVERNMENT INVESTIGATIONS In the course of its banking and financial services businesses, Wells Fargo and its affiliates are subject to information requests and investigations by governmental and self-regulatory authorities. These authorities have instituted various ongoing investigations of various practices in the banking, securities and mutual fund industries, including those relating to anti-money laundering, sales practices, record retention and other laws and regulations involving our customers and their accounts.

In general, the investigations cover advisory companies to mutual funds, broker-dealers, hedge funds and others and may involve the activities of customers or third parties with respect to accounts maintained by Wells Fargo affiliates or transactions in which Wells Fargo affiliates may be involved. Wells Fargo affiliates have received subpoenas and other requests for documents and testimony relating to the investigations, is endeavoring to comply with those requests, is cooperating with the investigations, and where appropriate, is engaging in discussions to resolve the investigations or take other remedial actions. These investigations include an investigation being conducted by the U.S. Attorney's Office for the Southern District of Florida into, among other matters, Wachovia Bank, N.A.'s correspondent banking relationship with certain non-domestic exchange houses and Bank Secrecy Act and anti-money laundering compliance. Wachovia Bank is cooperating fully with the U.S. Attorney's Office's investigation.

FORM 10-Q WELLS FARGO & COMPANY – Filed August 7, 2009 (Wells)
(For the quarterly period ended June 30, 2009)

Legal Actions

The following supplements and amends our discussion of certain matters previously reported in Item 3 (Legal Proceedings) of our 2008 Form 10-K for events occurring in the most recent quarter.

Auction Rate Securities On June 30, 2009, Wachovia completed the second, and final, phase of its buy back of qualifying securities as required in its regulatory settlements with the SEC and various state securities regulators.

ERISA Litigation On June 18, 2009, the U.S. District Court for the Southern District of New York entered a Memorandum and Order transferring these consolidated cases to the U.S. District Court for the Western District of North Carolina.

Golden West and Related Litigation On May 8, 2009 and on June 12, 2009, two additional cases (not class actions) containing allegations similar to the allegations in the *In re Wachovia Equity Securities Litigation,* and captioned, *Stichting Pensioenfonds ABP v. Wachovia Corp. et al. and FC Holdings AB, et al. v. Wachovia Corp., et al.,* respectively,

were filed in the U.S. District Court for the Southern District of New York. On June 22, 2009, the U.S. District Court for the Northern District of California entered an Order To Transfer Three Related Actions Pursuant To U.S.C. Section 1404(a) whereby the Court transferred the *Miller, et al. v. Wachovia Corporation, et al.; Swiskay, et al. v. Wachovia Corporation, et al.; and Orange County Employees' Retirement System, et al. v. Wachovia Corporation, et al.* cases to the U.S. District Court for the Southern District of New York.

Merger Related Litigation On July 13, 2009, the U.S. District Court for the Southern District of New York issued an Opinion and Order denying Citigroup's motion for partial judgment on the pleadings in the *Wachovia Corp. v. Citigroup, Inc.* case. The Court held that an Exclusivity Agreement, entered into between Citigroup and Wachovia on September 29, 2008, and which formed the basis for a substantial portion of the allegations of Citigroup's complaint against Wachovia and Wells Fargo, was void as against public policy by enactment of Section 126(c) of the Emergency Economic Stabilization Act on October 3, 2008.

Illinois Attorney General Litigation On July 31, 2009, the Attorney General for the State of Illinois filed a civil lawsuit against Wells Fargo & Company, Wells Fargo Bank, N.A. and Wells Fargo Financial Illinois, Inc. in the Circuit Court for Cook County, Illinois. The Illinois Attorney General alleges that the Wells Fargo defendants engaged in illegal discrimination by "reverse redlining" and by steering African- American and Latino customers into high cost, subprime mortgage loans while other borrowers with similar incomes received lower cost mortgages. Illinois also alleges that Wells Fargo Financial Illinois, Inc. misled Illinois customers about the terms of mortgage loans. Illinois' complaint against all Wells Fargo defendants is based on alleged violation of the Illinois Human Rights Act and the Illinois Fairness in Lending Act. The complaint also alleges that Wells Fargo Financial Illinois, Inc. violated the Illinois Consumer Fraud and Deceptive Business Practices Act and the Illinois Uniform Deceptive Trade Practices Act. Illinois' complaint seeks an injunction against the defendants' alleged violation of these Illinois statutes, restitution to consumers and civil money penalties.

FORM 10-Q WELLS FARGO & COMPANY – Filed November 6, 2009 (Wells)
(For the quarterly period ended October 30, 2009)

Item 1. Legal Proceedings

Legal Actions
The following supplements and amends our discussion of certain matters previously reported in Item 3 (Legal Proceedings) of our 2008 Form 10-K for events occurring in the most recent quarter.

Elavon On September 29, 2009, Elavon filed an amended complaint adding an additional party to the litigation. On October 13, 2009, the court entered an order granting the motion to dismiss of Wells Fargo & Company and Wells Fargo Bank, N.A. dismissing the tortious interference with contract and the punitive damages counts as against those entities.

Golden West and Related Litigation On September 15, 2009 and on September 25, 2009, two additional cases (not class actions) containing allegations similar to the allegations in the In re Wachovia Equity Securities Litigation, and captioned, Deka Investment GmbH v. Wachovia Corp. et al. and Forsta AP-Fonden v. Wachovia Corp., et al., respectively, were filed in the U.S. District Court for the Southern District of New York. Following the transfer of the Miller, et al. v. Wachovia Corporation, et al.; Swiskay, et al. v. Wachovia Corporation, et al.; and Orange County Employees' Retirement System, et al. v. Wachovia Corporation, et al. cases to the U.S. District Court for the Southern District of New York, a consolidated class action complaint was filed on September 4, 2009 and the matter is now captioned In Re Wachovia Preferred Securities and Bond/Notes Litigation. On September 29, 2009, a non-class action case containing allegations similar to the allegations in the In re Wachovia Preferred Securities and Bond/Notes litigation, and captioned City of Livonia Employees' Retirement System v. Wachovia Corp et al., was filed in the Southern District of New York. In addition, a number of other actions containing allegations similar to those in the In re Wachovia Equity Securities Litigation have been filed in state courts in North Carolina and South Carolina by individual shareholders.

Illinois Attorney General Litigation On October 9, 2009, the Company filed a motion to dismiss Illinois' complaint.

Le-Nature's, Inc. On August 1, 2009, the trustee under the indenture for Le-Nature's Senior Subordinated Note filed claims against Wachovia Capital Markets seeking recovery for the bondholders under a variety of theories. On

September 16, 2009, the Judge in the action brought by the Litigation Trustee dismissed a cause of action for breach of fiduciary duty but denied the remainder of Wachovia's motion to dismiss. On October 2, 2009, the Second Circuit affirmed the dismissal of the action filed by certain bank debt holders in the Southern District of New York. The action filed on behalf of holders of Le-Nature's Senior Subordinated Notes is now pending in the Superior Court of the State of California, County of Los Angeles.

Municipal Derivatives Bid Practices Investigation On April 30, 2009, the Court granted a motion filed by Wachovia and certain other defendants to dismiss the Consolidated Class Action Complaint and dismissed all claims against Wachovia, with leave to replead; a Second Consolidated Amended Complaint was filed on June 18, 2009, and a motion to dismiss this complaint has been filed and briefed. Putative class and individual actions brought in California were also amended on September 15, 2009, including five non-class complaints filed in California which were amended with new allegations and the addition of Wells Fargo & Co. as a defendant. All matters are being coordinated in the Southern District of New York.

Outlook Based on information currently available, advice of counsel, available insurance coverage and established reserves, Wells Fargo believes that the eventual outcome of the actions against Wells Fargo and/or its subsidiaries, including the matters described above, will not, individually or in the aggregate, have a material adverse effect on Wells Fargo's consolidated financial position or results of operations. However, in the event of unexpected future developments, it is possible that the ultimate resolution of those matters, if unfavorable, may be material to Wells Fargo's results of operations for any particular period.

Source: WELLS FARGO & CO/MN, 10-Q, November 06, 2009 Powered by Morningstar® Document Research℠

8-K Filed March 17, 2010 (Wells)

Wachovia Bank, N.A., said today that it has entered into agreements with the U.S. Department of Justice and banking regulators concerning previously disclosed compliance matters that occurred prior to its acquisition by Wells Fargo & Company. The agreements address Wachovia's Bank Secrecy Act (BSA) and Anti-Money Laundering (AML) compliance program and primarily relate to customer accounts held by Mexican money exchange houses in Wachovia's Global Financial Institutions and Trade Services (GFITS) division between 2004 and 2007.

As part of the agreements, Wachovia will pay a total of $160 million. Wells Fargo learned about these matters before acquiring Wachovia and established reserves in prior periods that will fully cover the settlement amounts.

The agreements consist of the following:

- Wachovia Bank, N.A. has entered into a deferred prosecution agreement with the U.S. Attorney's Office for the Southern District of Florida and the U.S. Department of Justice. Under the agreement, the bank acknowledges that its AML compliance programs were inadequate and agrees to forfeit $110 million and implement certain remedial measures. In one year, if Wachovia has complied with the terms of the agreement, the Department of Justice will ask a U.S. court to dismiss all charges against the bank. The agreement states that there is no evidence or allegation that Wells Fargo's AML program is deficient.

- Wachovia Bank, N.A. has entered into a Consent Order with the Office of the Comptroller of the Currency (OCC), in which it has committed to take the necessary steps to address deficiencies and enhance its BSA and AML policies and procedures related to foreign correspondent banking activities. Wachovia has also agreed to pay the OCC a civil money penalty of $50 million.

- Wachovia Bank, N.A. has also agreed to a Consent to the Assessment of Civil Money Penalty with the Financial Crimes Enforcement Network of the United States Department of Treasury (FinCEN). The $110 million penalty imposed by FinCEN will be satisfied by the $110 million forfeiture made to the Department of Justice.

The focus of these investigations was primarily in the GFITS division of Wachovia Bank from 2004 to 2007, well before Wells Fargo acquired Wachovia at the end of 2008. By early 2008, Wachovia Bank had exited all relationships with foreign money exchange houses. Wachovia Bank has fully cooperated with the Federal Government throughout the course of its investigation. That cooperation has continued since the merger of Wachovia and Wells Fargo.

Wachovia has made significant enhancements to its AML and BSA compliance program that have strengthened its ability to guard against unlawful use of its system by wrongdoers. Over the past three years, Wachovia, and since January 2009, Wachovia as part of Wells Fargo, has invested $42 million evaluating and improving the BSA/AML compliance program. Since its acquisition by Wells Fargo, Wachovia has also been subject to Wells Fargo's BSA/AML compliance program and compliance and operational risk management, oversight and independent testing. The company continues to dedicate significant resources to this area, and is committed to maintaining compliant and effective BSA/AML practices and policies and a strong compliance culture across the integrated organization.
In addition to this matter, Wachovia Bank, N.A. and the Department of Justice have resolved the remaining outstanding issues related to relationships Wachovia had from 2003 to 2008 with payment processors for telemarketing companies, including Payment Processing Center, LLC. Wachovia reached a settlement with the OCC on 2008 and has paid restitution to consumers who may have been subject to fraud by the telemarketers.

These settlements complete all pending bank-specific investigations of Wachovia's correspondent banking business.

Wachovia Bank, N.A., is a subsidiary of Wells Fargo & Company.

Wells Fargo & Company is a diversified financial services company with $1.2 trillion in assets, providing banking, insurance, investments, mortgage and consumer finance through more than 10,000 stores and 12,000 ATMs and the internet (wellsfargo.com) across North America and internationally.

10 Q filed 5/10/2010 - Wells
Legal Actions occurring in first quarter 2010.

Auction Rate Securities Plaintiffs have appealed the January 26, 2010, dismissal of two civil class actions pending against Wells Fargo affiliated defendants.

Casa de Cambio Investigation In March 2010, Wachovia Bank, N.A. entered into a Deferred Prosecution Agreement with the U.S. Attorney's Office for the Southern District of Florida and U.S. Department of Justice, and entered into separate consent agreements with the Office of the Comptroller of the Currency and the Financial Crimes Enforcement Network to resolve those agencies' investigations into these matters, the substance of which occurred prior to Wachovia's acquisition by Wells Fargo & Company. The Deferred Prosecution Agreement was approved on March 17, 2010, by the U.S. District Court for the Southern District of Florida. Wachovia Bank, N.A. paid a total of $160 million to satisfy the forfeitures and penalties provided for in the various agreements and further agreed to continue certain remediation and compliance efforts. Settlement of this matter was previously described in a Form 8-K filed on March 17, 2010.

ERISA Litigation On April 6, 2010, the U.S. District Court for the District of Minnesota certified a class of participants in Wells Fargo's 401(k) Plan in a case captioned Figas v. Wells Fargo & Company, et al. Figas purports to bring claims on behalf of participants who had assets in certain Wells Fargo affiliated funds from November 2, 2001, to September 22, 2009, alleging breach of fiduciary duty in connection with the offer of Wells Fargo affiliated funds as investment choices in the Plan.

Golden West and Related Litigation On May 3, 2010, the judge in the Southern District of New York issued an order granting Plaintiffs leave to amend the class action and other complaints pending in that court, and directing the parties to submit a schedule for the filing of the amended complaints and new motions to dismiss. This order terminates the motions to dismiss the prior complaints which had been pending.

In re Wells Fargo Mortgage-Backed Certificates Litigation and Mortgage Related Investigations This lawsuit is comprised of several securities law based putative class actions, consolidated in the U.S. District Court for the Northern District of California on July 16, 2009. The case is brought against several Wells Fargo mortgage-backed securities trusts, Wells Fargo Bank, N.A. and other affiliated entities, individual employee defendants, along with various underwriters and rating agencies. The plaintiffs allege that the offering documents contained untrue statements of material fact, or omitted to state material facts necessary to make the registration statements and accompanying prospectuses not misleading. The allegations are regarding the underwriting standards used in connection with the origination of the underlying mortgages, the maximum loan-to-value ratios used to qualify borrowers, and the appraisals of the properties underlying the mortgages. Motions to dismiss, filed on behalf of all defendants, were granted in part and denied in part by a court order entered on April 22, 2010. The plaintiffs were granted leave to amend some of their claims.

Certain government entities are conducting investigations into the mortgage lending practices of various Wells Fargo affiliated entities, including whether borrowers were steered to more costly mortgage products. Wells Fargo intends to cooperate fully with these investigations.

LeNature's Inc. On March 15, 2010, the Mecklenburg County Superior Court entered an order allowing the hedge fund defendants to assert their tort claims in the New York state action. The holders of LeNature's Senior Subordinated Notes filed an amended complaint in the California action, and Wachovia has filed its demurrer to that complaint. The action filed by the trustee under the indenture for the Senior Subordinated Notes offering was dismissed by the U.S. District Court for the Western District of Pennsylvania on April 16, 2010.

Municipal Derivatives Bid Practice Investigation Defendants' motion to dismiss the second consolidated amended complaint was denied by the U.S. District Court for the Southern District of New York on March 25, 2010. On April 26, 2010, the same court also denied motions to dismiss eleven related cases filed by municipalities in California.

Payment Processing Center On March 17, 2010, the U.S. District Court for the Southern District of Florida approved a Deferred Prosecution Agreement between the U.S. Department of Justice and Wachovia Bank, N.A., which resolved the Department of Justice's investigation into this matter. The Company believes all pending governmental investigations relating to this matter are now concluded.

10 Q filed 6/10/2010 -Wells
Legal Actions occurring in first quarter 2010 (Amended August 6, 2010)

The following supplements and amends our discussion of certain matters previously reported in Item 3 (Legal Proceedings) of our 2009 Form 10-K and our First Quarter Form 10-Q for events occurring in second quarter 2010.

Data Treasury Litigation On June 15, 2010, Wells Fargo entered into a confidential settlement agreement which settled all claims of Data Treasury against Wells Fargo and Wachovia. The estimated liability for this matter had been accrued for in previous quarters and the settlement did not have a material adverse effect on Wells Fargo's consolidated financial statements for the period ended June 30, 2010.

Golden West and Related Litigation Amended complaints were filed in all the actions in May 2010 and renewed motions to dismiss have been filed in each case.

In Re Wells Fargo Mortgage-Backed Certificates Litigation On May 28, 2010, plaintiffs filed an amended consolidated complaint. On June 25, 2010, Wells Fargo moved to dismiss the amended complaint. On June 29, 2010 and on July 15, 2010, two complaints, the first captioned The Charles Schwab Corporation vs. Merrill Lynch, Pierce, Fenner & Smith, Inc., et al., and the second captioned The Charles Schwab Corporation v. BNP Paribas Securities Corp., et al., were filed in the Superior Court for the State of California, San Francisco County against a number of defendants, including Wells Fargo Bank, N.A. and Wells Fargo Asset Securities Corporation. As against the Wells Fargo entities, the new cases assert opt out claims relating to the claims alleged in the Mortgage-Backed Certificates Litigation.

LeNature's Inc. On July 7, 2010, the demurrer to the California noteholder action was overruled. On May 10, 2010, the New York State Court granted the motion to dismiss two counts of the complaint and denied the motion to dismiss two other counts.

Municipal Derivatives Bid Practice Investigation In May 2010, four additional complaints were filed in California state courts by four additional California municipalities containing allegations virtually identical to the allegations of the eleven complaints previously filed by various California municipalities.

Municipal Derivatives Bid Practice Investigation In May 2010, four additional complaints were filed in California state courts by four additional California municipalities containing allegations virtually identical to the allegations of the eleven complaints previously filed by various California municipalities.

10-Q Filed November 5, 2010 Wells

Legal Actions

The following supplements and amends our discussion of certain matters previously reported in Item 3 (Legal Proceedings) of our 2009 Form 10-K and our 2010 First and Second Quarter Form 10-Q for events occurring in third quarter 2010.

Adelphia Litigation On September 21, 2010, an agreement in principle was reached between the Adelphia Resolution Trust and all of the defendant banks to settle the remaining claims against the Banks. The agreement is subject to approval by the Court. A hearing on approval of the settlement is scheduled for November 18, 2010.

ERISA Litigation On August 6, 2010, an order was entered by the U.S. District Court for the Western District of North Carolina dismissing, with prejudice, the plaintiffs' complaint in the In re Wachovia Corporation ERISA Litigation case. Plaintiffs have appealed. On October 18, 2010, an agreement in principle was reached to settle the Figas v. Wells Fargo & Company , et al. case. The agreement is subject to approval by the Court and an independent fiduciary.

Golden West and Related Litigation Two individual shareholder actions in South Carolina have been dismissed and the shareholders have appealed.

Municipal Derivatives Bid Practice Investigation On September 21, 2010 a complaint, captioned Active Retirement Community, Inc. d/b/a Jefferson's Ferry v. Bank of America, N.A., et al., was filed in the U.S. District Court for the Eastern District of New York. The case asserts claims against Wachovia Bank, N.A. and Wells Fargo & Company that are substantially similar to other previously disclosed civil cases.
Order of Posting Litigation A series of putative class actions have been filed against Wachovia Bank, N.A. and Wells Fargo Bank, N.A., as well as many other banks, challenging the high to low order in which the Banks post debit card transactions to consumer deposit accounts. There are currently twelve such cases pending against Wells

Fargo Bank (including the Wachovia Bank cases to which Wells Fargo succeeded), all but three of which have been consolidated in multi-district litigation proceedings in the U.S. District Court for the Southern District of Florida. On August 10, 2010, the U.S. District Court for the Northern District of California issued an order in Gutierrez v. Wells Fargo Bank, N.A. , one of the three cases that were not consolidated in the multi-district proceedings, enjoining the Bank's use of the high to low posting method for debit card transactions with respect to the plaintiff class of California depositors, directing that the Bank establish a different posting methodology and ordering remediation in the approximate amount of $203 million. On October 26, 2010, a final judgment was entered in Gutierrez . Wells Fargo will appeal.

In Re Wells Fargo Mortgage-Backed Certificates Litigation and Related Mortgage Litigation and Investigations On October 5, 2010, Wells Fargo's motion to dismiss the amended complaint in the Northern District of California was granted in part and denied in part.

On October 15, 2010, three actions, captioned Federal Home Loan Bank of Chicago v. Banc of America Funding Corporation, et al. (filed in the Cook County Circuit Court, State of Illinois); Federal Home Loan Bank of Chicago v. Banc of America Securities LLC, et al. (filed in the Superior Court of the State of California for the County of Los Angeles); and Federal Home Loan Bank of Indianapolis v. Banc of America Mortgage America Securities, Inc., et al. (filed in the Superior Court of the State of Indiana for the County of Marion), named multiple defendants, described as issuers/depositors, and underwriters/dealers of private label mortgage-backed securities, in an action asserting claims that defendants used false and misleading statements in offering documents for the sale of such securities. The Bank of Chicago asserts that it purchased approximately $4.2 billion and the Bank of Indianapolis asserts that it purchased nearly $3 billion of such securities from the defendants. Plaintiffs seek rescission of the sales and damages under state securities and other laws and Section 11 of the Securities Act of 1933. Wells Fargo Asset Securities Corporation, Wells Fargo Bank, N.A. and Wells Fargo & Company were named among the defendants. In addition, various class actions have been filed against Wells Fargo Bank, N.A. and other banks challenging aspects of the foreclosure process, alleging, among other things, that banks improperly split notes and mortgages, use inappropriate foreclosure plaintiffs, misapply payments in violation of the terms of notes and mortgages, and submit fraudulent and inaccurate foreclosure affidavits. Wells Fargo Bank, N.A. has received inquiries from state Attorneys General, other state and federal regulators and officers, and legislative committees into its mortgage foreclosure practices and procedures. Wells Fargo is appropriately responding to these inquiries as well as internally reviewing its practices and procedures. At present, Wells Fargo cannot estimate the possible loss or range of loss with respect to the allegations concerning the mortgage related litigation and investigations described above.

Outlook In accordance with ASC 450 (formerly FAS 5), Wells Fargo has established estimated liabilities for litigation matters with loss contingencies that are both probable and estimable. For these matters and others where an unfavorable outcome is reasonably possible but not probable, there may be a range of possible losses in excess of the estimated liability that cannot be estimated. Based on information currently available, advice of counsel, available insurance coverage and established reserves, Wells Fargo believes that the eventual outcome of the actions against Wells Fargo and/or its subsidiaries, including the matters described above, will not, individually or in the aggregate, have a material adverse effect on Wells Fargo's consolidated financial statements. However, in the event of unexpected future developments, it is possible that the ultimate resolution of those matters, if unfavorable, may be material to Wells Fargo's consolidated financial statements for any particular period.

Wells Fargo & Company 10-K for fiscal year 12/31/2010 issued 2/25/2011

ITEM 3. LEGAL PROCEEDINGS

Information in response to this Item 3 can be found in the 2010 Annual Report to Stockholders under "Financial Statements – Notes to Financial Statements – Note 14 (Guarantees and Legal Actions)." That information is incorporated into this item by reference.

Legal Actions

Wells Fargo and certain of our subsidiaries are involved in a number of judicial, regulatory and arbitration proceedings concerning matters arising from the conduct of our business activities. These proceedings include actions brought against Wells Fargo and/or our subsidiaries with respect to corporate related matters and transactions in which Wells Fargo and/or our subsidiaries were involved. In addition, Wells Fargo and our subsidiaries may be requested to provide information or otherwise cooperate with government authorities in the conduct of investigations of other persons or industry groups. Although there can be no assurance as to the ultimate outcome, Wells Fargo and/or our subsidiaries have generally denied, or believe we have a meritorious defense and will deny, liability in all significant litigation pending against us, including the matters described below, and we intend to defend vigorously each case, other than matters we describe as having settled. Reserves are established for
legal claims when payments associated with the claims become probable and the costs can be reasonably estimated. The actual costs of resolving legal claims may be substantially higher or lower than the amounts reserved for those claims.

ADELPHIA LITIGATION Wachovia Bank, N.A. and Wachovia Capital Markets, LLC, along with numerous other financial institutions were defendants in a case pending in the United States District Court for the Southern District of New York related to the bankruptcy of Adelphia Communications Corporation (Adelphia). The plaintiff was the Adelphia Recovery Trust. The complaint asserted claims against the defendants under state law, bankruptcy law and the Bank Holding Company Act and sought equitable relief and an unspecified amount of compensatory and punitive damages. On September 21, 2010, an agreement was reached between the Adelphia Resolution Trust and all of the defendant banks to settle the claims against the banks for the total amount of $175 million. Wachovia's share was a fraction of that amount and was not material to Wells Fargo. The settlement has been approved by the Court and the case is concluded.

ELAVON LITIGATION On January 16, 2009, Elavon, Inc., a provider of merchant processing services, filed a complaint in the U.S. District Court for the Northern District of Georgia against Wachovia Corporation, Wachovia Bank, N.A., Wells Fargo & Company, and Wells Fargo Bank, N.A. The complaint seeks equitable relief, including specific performance, and damages for Wachovia Bank's allegedly wrongful termination of its merchant referral contract with Elavon. Discovery has been completed and both parties have moved for summary judgment on various claims or defenses.

ERISA LITIGATION A purported class action, captioned *In re Wachovia Corporation ERISA Litigation* , was pending against Wachovia Corporation, its board of directors and certain senior officers, in the U.S. District Court for the Western District of North Carolina. The case was filed on behalf of employees of Wachovia Corporation and its affiliates who held shares of Wachovia Corporation common stock in their Wachovia Savings Plan accounts. On August 6, 2010, an order was entered by the Court dismissing, with prejudice, the plaintiffs' complaint. The dismissal was appealed. On December 8, 2010, an agreement in principle was reached to settle the case for $12.35 million. The settlement is subject to Court approval. A hearing on approval of the settlement has not yet been scheduled.

On April 6, 2010, the U.S. District Court for the District of Minnesota certified a class of participants in Wells Fargo's 401(k) Plan in a case captioned *Figas v. Wells Fargo & Company, et al.* Figas purports to bring claims on behalf of

participants who had assets in certain Wells Fargo affiliated funds from November 2, 2001, to September 22, 2009, alleging breach of fiduciary duty in connection with the offer of Wells Fargo affiliated funds as investment choices in the Plan. On October 18, 2010, an agreement in principle was reached to settle the *Figas v. Wells Fargo & Company, et al.* case. The agreement is subject to approval by the Court and an independent fiduciary.

ILLINOIS ATTORNEY GENERAL LITIGATION On July 31, 2009, the Attorney General for the State of Illinois filed a civil lawsuit against Wells Fargo & Company, Wells Fargo Bank, N.A. and Wells Fargo Financial Illinois, Inc. in the Circuit Court for Cook County, Illinois. The Illinois Attorney General alleges that the Wells Fargo defendants engaged in illegal discrimination by "reverse redlining" and by steering African-American and Latino customers into high cost, subprime mortgage loans while other borrowers with similar incomes received lower cost mortgages. Illinois also alleges that Wells Fargo Financial Illinois, Inc. misled Illinois customers about the terms of mortgage loans. Illinois' complaint against all Wells Fargo defendants is based on alleged violation of the Illinois Human Rights Act and the Illinois Fairness in Lending Act. The complaint also alleges that Wells Fargo Financial Illinois, Inc. violated the Illinois Consumer Fraud and Deceptive Business Practices Act and the Illinois
Uniform Deceptive Trade Practices Act. Illinois' complaint seeks an injunction against the defendants' alleged violation of these Illinois statutes, restitution to consumers and civil money penalties. On October 9, 2009, the Company filed a motion to dismiss Illinois' complaint, and is awaiting the Court's ruling.

IN RE WELLS FARGO MORTGAGE-BACKED CERTIFICATES LITIGATION This lawsuit is comprised of several securities law based putative class actions, consolidated in the U.S. District Court for the Northern District of California on July 16, 2009. The case is brought against several Wells Fargo mortgage-backed securities trusts, Wells Fargo Bank, N.A. and other affiliated entities, individual employee defendants, along with various underwriters and rating agencies. The plaintiffs allege that the offering documents contain untrue statements of material fact, or omit to state material facts necessary to make the registration statements and accompanying prospectuses not misleading. The allegations are regarding the underwriting standards used in connection with the
origination of the underlying mortgages, the maximum loan-to-value ratios used to qualify borrowers, and the appraisals of the properties underlying the mortgages. Motions to dismiss, filed on behalf of all defendants, were granted in part and denied in part by a court order entered on April 22, 2010. The plaintiffs were granted leave to amend some of their claims. On May 28, 2010, plaintiffs filed an amended consolidated complaint. On June 25, 2010, Wells Fargo moved to dismiss the amended complaint. On October 5, 2010, Wells Fargo's motion to dismiss the amended complaint was granted in part and denied in part.

On June 29, 2010 and on July 15, 2010, two complaints, the first captioned *The Charles Schwab Corporation vs. Merrill Lynch, Pierce, Fenner & Smith, Inc., et al.*, and the second captioned *The Charles Schwab Corporation v. BNP Paribas Securities Corp., et al.*, were filed in the Superior Court for the State of California, San Francisco County against a number of defendants, including Wells Fargo Bank, N.A. and Wells Fargo Asset Securities Corporation. As against the Wells Fargo entities, the new cases assert opt out claims relating to the claims alleged in the Mortgage-Backed Certificates Litigation.

On October 15, 2010, three actions, captioned *Federal Home Loan Bank of Chicago v. Banc of America Funding Corporation, et al.* (filed in the Cook County Circuit Court, State of Illinois); *Federal Home Loan Bank of Chicago v. Banc of America Securities LLC, et al.* (filed in the Superior Court of the State of California for the County of Los Angeles); and *Federal Home Loan Bank of Indianapolis v. Banc of America Mortgage America Securities, Inc., et al.* (filed in the Superior Court of the State of Indiana for the County of Marion), named multiple defendants, described as issuers/depositors, and underwriters/dealers of private label mortgage-backed securities, in an action asserting claims that defendants used false and misleading statements in offering documents for the sale of such securities. The Bank of Chicago asserts that it purchased approximately $4.2 billion and the Bank of Indianapolis asserts that it purchased nearly $3 billion of such securities from the defendants. Plaintiffs seek rescission of the sales and damages under state securities and other laws and Section 11 of the Securities Act of 1933. Wells Fargo Asset Securities Corporation, Wells Fargo Bank, N.A. and Wells Fargo & Company were named among the defendants.

INTERCHANGE LITIGATION Wells Fargo Bank, N.A., Wells Fargo & Company, Wachovia Bank, N.A. and Wachovia Corporation are named as defendants, separately or in combination, in putative class actions filed on behalf of a plaintiff class of merchants and in individual actions brought by individual merchants with regard to the interchange fees associated with Visa and MasterCard payment card transactions. These actions have been consolidated in the United States District Court for the Eastern District of New York. Visa, MasterCard and several banks and bank holding companies are named as defendants in various of these actions. The amended and consolidated complaint asserts claims against defendants based on alleged violations of federal and state antitrust laws and seeks damages, as well as injunctive relief. Plaintiff merchants allege that Visa, MasterCard and payment card issuing banks unlawfully colluded to set interchange rates. Plaintiffs also allege that enforcement of certain Visa and MasterCard rules and alleged tying and bundling of services offered to merchants are

anticompetitive. Wells Fargo and Wachovia, along with other defendants and entities, are parties to Loss and Judgment Sharing Agreements, which provide that they, along with other entities, will share, based on a formula, in any losses from the Interchange Litigation.

LE-NATURE'S, INC. Wachovia Bank, N.A. was the administrative agent on a $285 million credit facility extended to Le-Nature's, Inc. in September 2006, of which approximately $270 million was syndicated to other lenders by Wachovia Capital Markets, LLC. Le-Nature's was the subject of a Chapter 7 bankruptcy petition, which was converted to a Chapter 11 bankruptcy petition in November 2006 in the U.S. Bankruptcy Court for the Western District of Pennsylvania. The filing was precipitated by an apparent fraud relating to Le-Nature's financial condition. Wachovia Capital Markets, LLC and/or Wachovia Bank, N.A. are named as defendants in a number of lawsuits including the following: (1) a case filed in the New York State Supreme Court for the County of Manhattan by hedge fund purchasers of the bank debt seeking to recover from Wachovia on various theories of liability (On May 10, 2010, the Court granted Wachovia's motion to dismiss two counts of the complaint and denied the motion to dismiss two other counts); (2) a case filed on April 28, 2008, by holders of a Le-Nature's Senior Subordinated Notes offering underwritten by Wachovia Capital Markets in June 2003, alleging various fraud claims, pending in the Superior Court of the State of California for the County of Los Angeles; and (3) an action filed on October 30, 2008, on behalf of the liquidation trust created in Le-Nature's bankruptcy against a number of individuals and entities, including Wachovia Capital Markets, LLC and Wachovia Bank, N.A., in the U.S. District Court for the Western District of Pennsylvania, asserting a variety of claims on behalf of the bankruptcy estate. On September 16, 2009, the Court dismissed a cause of action for breach of fiduciary duty but denied the remainder of Wachovia's motion to dismiss. Discovery is underway in these matters.

MERGER RELATED LITIGATION On October 4, 2008, Citigroup, Inc. purported to commence an action in the Supreme Court of the State of New York for the County of Manhattan, captioned *Citigroup, Inc. v. Wachovia Corp., et al.*, naming as defendants Wachovia Corporation, Wells Fargo & Company, and the directors of both companies. The complaint alleged that Wachovia breached an exclusivity agreement with Citigroup, which by its terms was to expire on October 6, 2008, by entering into negotiations and an eventual acquisition agreement with Wells Fargo, and that Wells Fargo and the individual defendants had tortiously interfered with the same contract. On October 4, 2008, Wachovia filed a complaint in the U.S. District Court for the Southern District of New York, captioned *Wachovia Corp. v. Citigroup, Inc.* The complaint sought declaratory and injunctive relief, stating that the Wells Fargo merger agreement is valid, proper, and not prohibited by the exclusivity agreement. On March 20, 2009, the
U.S. District Court for the Southern District of New York remanded the *Citigroup, Inc. v. Wachovia Corp., et al.* case to the Supreme Court of the State of New York for the County of Manhattan, but retained jurisdiction over the
Wachovia v. Citigroup case. These cases were settled by Wells Fargo's payment of $100 million to Citigroup in November, 2010. On November 23, 2010, both cases were dismissed at the request of the parties.

MORTGAGE FORECLOSURE DOCUMENT LITIGATION Seven purported class actions and several individual borrower actions related to foreclosure document practices were filed in late 2010 and in early 2011 against Wells Fargo Bank, N.A. in its status as mortgage servicer. The cases have been brought in state and federal courts. Of the individual borrower cases, the majority are filed in state courts in California and Ohio. Two other class actions were filed against Wells Fargo Bank, but Wells Fargo is named as a defendant as corporate trustee of the mortgage trust and not as a mortgage servicer. The actions generally claim that Wells Fargo submitted "fraudulent" or "untruthful" affidavits or other foreclosure documents to courts to support foreclosures filed in the state. Specifically, plaintiffs allege that Wells Fargo signers did not have personal knowledge of the facts alleged in the documents and did not verify the information in the documents ultimately filed with courts to foreclose. Plaintiffs attempt to state legal claims ranging from wrongful foreclosure to deceptive practices to fraud and seek relief ranging from cancellation of notes and mortgages to money damages.

On December 20, 2010, the New Jersey Supreme Court, the New Jersey Administrative Office of the Courts, and the Superior Court of New Jersey for Mercer County jointly began an action against Wells Fargo and other large mortgage servicing companies in state court in New Jersey. This action seeks to enjoin pending foreclosures and sales and to require servicers to certify and prove compliance with new foreclosure procedures in New Jersey, or be held in contempt of court. Wells Fargo has filed its initial response to the New Jersey action.

MORTGAGE RELATED REGULATORY INVESTIGATIONS Several government agencies are conducting investigations or examinations of various mortgage related practices of Wells Fargo Bank. The investigations relate to two main topics, (1) whether Wells Fargo may have violated fair lending or other laws and regulations relating to mortgage origination practices; and (2) whether Wells Fargo's practices and procedures relating to mortgage foreclosure affidavits and documents relating to the chain of title to notes and mortgage documents are adequate. With regard to the investigations into foreclosure practices, it is likely that one or more of the government agencies will initiate some type of enforcement action

against Wells Fargo, which may include civil money penalties. Wells Fargo continues to provide information requested by the various agencies.

MUNICIPAL DERIVATIVES BID PRACTICES INVESTIGATION The Department of Justice (DOJ) and the SEC, beginning in November 2006, have been requesting information from a number of financial institutions, including Wachovia Bank, N.A.'s municipal derivatives group, generally with regard to competitive bid practices in the municipal derivative markets. In connection with these inquiries, Wachovia Bank has received subpoenas from both the DOJ and SEC as well as requests from other regulatory agencies and several states seeking documents and information. The DOJ and the SEC have advised Wachovia Bank that they believe certain of its employees engaged in improper conduct in conjunction with certain competitively bid transactions and, in November 2007, the DOJ notified two Wachovia Bank employees, both of whom have since been terminated, that they are regarded as targets of the DOJ's investigation. Wachovia Bank has been cooperating fully with the government investigations.

Wachovia Bank, along with a number of other banks and financial services companies, has also been named as a defendant in a number of substantially identical purported class actions filed in various state and federal courts by various municipalities alleging they have been damaged by the activity which is the subject of the government investigations. These cases are now consolidated under the caption *In re Municipal Derivatives Antitrust Litigation* in the U.S. District Court for the Southern District of New York. On April 30, 2009, the Court granted a motion filed by Wachovia and certain other defendants to dismiss the Consolidated Class Action Complaint and dismissed all claims against Wachovia, with leave to replead. A Second Consolidated Amended Complaint was filed on June 18, 2009, and a motion to dismiss that complaint was denied. A number of putative class and individual actions have also been brought in various courts, including complaints which were amended with new allegations and the addition of Wells Fargo & Co. as a defendant. These cases all have allegations substantially similar to those in the consolidated class complaint. All of the cases are being coordinated in the U.S. District Court for the Southern District of New York.

ORDER OF POSTING LITIGATION A series of putative class actions have been filed against Wachovia Bank, N.A. and Wells Fargo Bank, N.A., as well as many other banks, challenging the high to low order in which the Banks post debit card transactions to consumer deposit accounts. There are currently 12 such cases pending against Wells Fargo Bank (including the Wachovia Bank cases to which Wells Fargo succeeded), all but three of which have been consolidated in multi-district litigation proceedings in the U.S. District Court for the Southern District of Florida. On August 10, 2010, the U.S. District Court for the Northern District of California issued an order in *Gutierrez v. Wells Fargo Bank, N.A.*, one of the three cases that were not consolidated in the multi-district proceedings, enjoining the Bank's use of the high to low posting method for debit card transactions with respect to the plaintiff class of California depositors, directing that the Bank establish a different posting methodology and ordering remediation in the approximate amount of $203 million. On October 26, 2010, a final judgment was entered in Gutierrez. On October 28, 2010, Wells Fargo appealed to the U.S. Court of Appeals for the Ninth Circuit.

WACHOVIA EQUITY SECURITIES AND BONDS/NOTES LITIGATION

A purported securities class action, *Lipetz v. Wachovia Corporation, et al.*, was filed on July 7, 2008, in the U.S. District Court for the Southern District of New York alleging violations of Sections 10 and 20 of the Securities Exchange Act of 1934. An amended complaint was filed on December 15, 2008. Among other allegations, plaintiffs allege Wachovia's common stock price was artificially inflated as a result of allegedly misleading disclosures relating to the Golden West Financial Corp. mortgage portfolio, Wachovia's exposure to other mortgage related products such as CDOs, control issues and auction rate securities. On March 19, 2009, the defendants filed a motion to dismiss the amended class action complaint in the Lipetz case, which has now been re-captioned as *In re Wachovia Equity Securities Litigation*. There are four additional cases (not class actions) containing allegations similar to the allegations in the *In re Wachovia Equity Securities Litigation* captioned *Stichting Pensioenfonds ABP v. Wachovia Corp. et al., FC Holdings AB, et al. v. Wachovia Corp., et al., Deka Investment GmbH v. Wachovia Corp. et al. and Forsta AP-Fonden v. Wachovia Corp., et al.*, respectively, which were filed in the U.S. District Court for the Southern District of New York, and there are a number of other similar actions filed in state courts in North Carolina and South Carolina by individual shareholders. Two of the individual shareholder actions in South Carolina have been dismissed and the shareholders have appealed.

After a number of procedural motions, three purported class action cases alleging violations of Sections 11, 12, and 15 of the Securities Act of 1933 as a result of allegedly misleading disclosures relating to the Golden West mortgage portfolio in connection with Wachovia's issuance of various preferred securities and bonds were transferred to the U.S. District Court for the Southern District of New York. A consolidated class action complaint was filed on September 4, 2009, and the matter is now captioned *In Re Wachovia Preferred Securities and Bond/Notes Litigation*. On September 29, 2009, a non-class action case containing allegations similar to the allegations in the *In re Wachovia Preferred Securities and Bond/Notes* litigation, and captioned *City of Livonia Employees' Retirement System v. Wachovia Corp et al.*, was filed in the Southern District of New York. On May 3, 2010, the judge in the Southern District of New York issued an order granting Plaintiffs leave to

amend the class action and other complaints pending in that court, and directing the parties to submit a schedule for the filing of the amended complaints and new motions to dismiss. This order terminates the motions to dismiss the prior complaints which had been pending. Amended complaints were filed in all the actions in May 2010 and renewed motions to dismiss have been filed in each case.

OUTLOOK When establishing a liability for contingent litigation losses, the Company determines a range of potential losses for each matter that is both probable and estimable, and records the amount it considers to be the best estimate within the range. The high end of the range of potential litigation losses in excess of the Company's best estimates within the range of potential losses used in establishing the total litigation liability was $1.2 billion as of December 31, 2010. For these matters and others where an unfavorable outcome is reasonably possible but not probable, there may be a range of possible losses in excess of the established liability that cannot be estimated. Based on information currently available, advice of counsel, available insurance coverage and established reserves, Wells Fargo believes that the eventual outcome of the actions against Wells Fargo and/or its subsidiaries, including the matters described above, will not, individually or in the aggregate, have a material adverse effect on Wells Fargo's consolidated financial position. However, in the event of unexpected future developments, it is possible that the ultimate resolution of those matters, if unfavorable, may be material to Wells Fargo's results of operations for any particular period.

Note 11: Legal Actions 10-Q May 6, 2011 Wells

Note 11: Legal Actions

The following supplements and amends our discussion of certain matters previously reported in Item 3 (Legal Proceedings) of our 2010 Form 10-K for events occurring in first quarter 2011.

ERISA LITIGATION A hearing on final approval of the settlement of the In re Wachovia Corporation ERISA Litigation is scheduled before the U.S. District Court for the Western District of North Carolina on August 25, 2011.

A hearing on final approval of the settlement of Figas v. Wells Fargo & Company, et al. is scheduled before the U.S. District Court for the District of Minnesota on July 21, 2011.

IN RE WELLS FARGO MORTGAGE-BACKED CERTIFICATES LITIGATION A hearing on plaintiffs' motion for class certification has been scheduled for June 23, 2011.

MORTGAGE FORECLOSURE DOCUMENT LITIGATION On March 29, 2011, Wells Fargo, along with other mortgage servicers, entered into a stipulation in connection with the action commenced by the New Jersey Supreme Court, the New Jersey Administrative Office of the Courts and the Superior Court of New Jersey for Mercer County providing for the appointment of a special master to review mortgage foreclosure affidavit processes.

MORTGAGE RELATED REGULATORY INVESTIGATIONS On March 31, 2011, Wells Fargo Bank, N.A. (the Bank) entered into a Consent Order with the Office of the Comptroller of the Currency (OCC) under which the OCC made certain findings in connection with the Bank's foreclosure practices, which findings the Bank neither admitted nor denied. The Bank agreed in the consent order, among other things, and subject to the OCC's approval (i) to establish a Compliance Committee to monitor and coordinate the Bank's compliance with the Consent Order; (ii) to create a comprehensive Action Plan describing the actions needed to achieve compliance with the Consent Order; (iii) to submit an acceptable compliance plan to ensure that its mortgage servicing and foreclosure operations, including loss mitigation and loan modification, comply with legal requirements, OCC supervisory guidance, and the terms of the Consent Order; (iv) to submit a plan to ensure appropriate controls and oversight of the Bank's activities with respect to the Mortgage Electronic Registration System; (v) to take certain other actions with respect to its mortgage servicing and foreclosure operations; and (vi) to conduct a foreclosure review through an independent consultant on certain residential foreclosure actions. On April 4, 2011, Wells Fargo & Company (Wells Fargo) entered into a Consent Order with the Board of Governors of the Federal Reserve pursuant to which Wells Fargo agreed, among other things, (i) to ensure the Bank's compliance with the OCC Consent Order; (ii) to develop for the Federal Reserve's approval a written plan to enhance its Enterprise Risk Management with respect to oversight of residential mortgage loan servicing; (iii) to develop for the Federal Reserve's approval a written plan to enhance its enterprise-wide compliance program with respect to oversight of residential mortgage loan servicing; and (iv) to develop for the Federal Reserve's approval a written plan to enhance the internal audit program with respect to residential mortgage loan servicing. Neither Consent Order provided for civil money penalties but both government entities reserved the ability to seek such penalties and Wells Fargo reserved the ability to oppose the imposition of such penalties. In addition, as previously disclosed in our 2010 Form 10-K, other government agencies, including state attorneys general and the U.S. Department of Justice, continue to investigate various mortgage related practices of the Bank

and other major mortgage servicers. Wells Fargo continues to cooperate with these investigations. These investigations could result in material fines, penalties, equitable remedies (including requiring default servicing or other process changes), or other enforcement actions, and result in significant legal costs in responding to governmental investigations and additional litigation.

WACHOVIA EQUITY SECURITIES AND BONDS/NOTES LITIGATION On March 31, 2011, the U.S. District Court for the Southern District of New York entered a Decision and Order granting Wachovia's motions to dismiss the In re Wachovia Equity Securities Litigation and the Stichting Pensioenfonds ABP, FC Holdings AB, Deka Investment GmbH and Forsta AP-Fonden cases. By the same Decision and Order, the Court granted in part and denied in part Wachovia's motion to dismiss the In re Wachovia Preferred Securities and Bond/Notes Litigation , allowing that case to go forward after limiting the number of offerings at issue.

OUTLOOK When establishing a liability for contingent litigation losses, the Company determines a range of potential losses for each matter that is both probable and estimable, and records the amount it considers to be the best estimate within the range. The high end of the range of potential litigation losses in excess of the Company's best estimates within the range of potential losses used in establishing the total litigation liability was $1.7 billion as of March 31, 2011. For these matters and others where an unfavorable outcome is reasonably possible but not probable, there may be a range of possible losses in excess of the established liability that cannot be estimated. Based on information currently available, advice of counsel, available insurance coverage and established reserves, Wells Fargo believes that the eventual outcome of the actions against Wells Fargo and/or its subsidiaries, including the matters described above, will not, individually or in the aggregate, have a material adverse effect on Wells Fargo's consolidated financial position. However, in the event of unexpected future developments, it is possible that the ultimate resolution of those matters, if unfavorable, may be material to Wells Fargo's results of operations for any particular period.

Wells Fargo & Company Note 11: Legal Actions As Presented in August 5, 2011 10-Q

The following supplements and amends our discussion of certain matters previously reported in Item 3 (Legal Proceedings) of our 2010 Form 10-K, and Part II, Item 1 (Legal Proceedings) of our 2011 first quarter Quarterly Report on Form 10-Q for events occurring in second quarter 2011.

ELAVON LITIGATION On May 23, 2011, the Court entered an order granting plaintiff's motion for partial summary judgment and denying Wells Fargo's motion for partial summary judgment, ruling that Wells Fargo's termination of the contract at issue was invalid and dismissing several of Wells Fargo's affirmative defenses. The Court has set a trial date of the remaining issues for September 21, 2011.

ERISA LITIGATION The U.S. District Court for the District of Minnesota is considering final approval of the $17.5 million settlement in Figas v. Wells Fargo & Company, et al.

IN RE WELLS FARGO MORTGAGE-BACKED CERTIFICATES LITIGATION On May 27, 2011, Wells Fargo and the plaintiffs agreed to settle the matter captioned *In re Wells Fargo Mortgage-Backed Securities Litigation* for $125 million. On July 26, 2011, the Court entered an order preliminarily approving the settlement.

On April 20, 2011, a case captioned Federal Home Loan of Boston v. Ally Financial, Inc., et al., was filed in the Superior Court of the Commonwealth of Massachusetts for the County of Suffolk. The case names, among a large number of parties, Wells Fargo & Company, Wells Fargo Asset Securitization Corporation and Wells Fargo Bank, National Association as parties and contains allegations substantially similar to the cases filed by the other Federal Home Loan Banks.

On April 28, 2011, a case captioned The Union Central Life Insurance Company, et al. v. Credit Suisse First Boston Securities Corp., et al., was filed in the U.S. District Court for the Southern District of New York. Among other defendants, it names Wells Fargo Asset Securitization Corporation and Wells Fargo Bank, National Association. The case asserts various state law fraud claims and claims for violations of sections 10(b) and 20(a) of the Securities Exchange Act of 1934 on behalf of three insurance companies, relating to offerings of mortgage-backed securities from 2005 through 2007.

In addition, there are other cases involving other issuers of mortgage-backed certificates where Wells Fargo may have indemnity obligations because the pools of mortgages backing the certificates contain mortgages originated by Wells Fargo.

MORTGAGE RELATED REGULATORY INVESTIGATIONS On March 31, 2011, Wells Fargo Bank, N.A. (the Bank) entered into a Consent Order with the Office of the Comptroller of the Currency (OCC) under which the OCC made certain findings in connection with the Bank's foreclosure practices, which findings the Bank neither admitted nor denied. The Bank agreed in the consent order, among other things, and subject to the OCC's approval (i) to establish a Compliance Committee to monitor and coordinate the Bank's compliance with the Consent Order;

(ii) to create a comprehensive Action Plan describing the actions needed to achieve compliance with the Consent Order; (iii) to submit an acceptable compliance plan to ensure that its mortgage servicing and foreclosure operations, including loss mitigation and loan modification, comply with legal requirements, OCC supervisory guidance, and the terms of the Consent Order; (iv) to submit a plan to ensure appropriate controls and oversight of the Bank's activities with respect to the Mortgage Electronic Registration System; (v) to take certain other actions with respect to its mortgage servicing and foreclosure operations; and (vi) to conduct a foreclosure review through an independent consultant on certain residential foreclosure actions. On April 4, 2011, Wells Fargo & Company (Wells Fargo) entered into a Consent Order with the Board of Governors of the Federal Reserve pursuant to which Wells Fargo agreed, among other things, (i) to ensure the Bank's compliance with the OCC Consent Order; (ii) to develop for the Federal Reserve's approval a written plan to enhance its Enterprise Risk Management with respect to oversight of residential mortgage loan servicing; (iii) to develop for the Federal Reserve's approval a written plan to enhance its enterprise-wide compliance program with respect to oversight of residential mortgage loan servicing; and (iv) to develop for the Federal Reserve's approval a written plan to enhance the internal audit program with respect to residential mortgage loan servicing. Neither Consent Order provided for civil money penalties but both government entities reserved the ability to seek such penalties and Wells Fargo reserved the ability to oppose the imposition of such penalties.

On July 20, 2011, Wells Fargo & Company and Wells Fargo Financial, Inc. entered into an Order to Cease and Desist and Order of Assessment of a Civil Money Penalty Issued Upon Consent (the "Order") with the Board of Governors of the Federal Reserve System (FRB) which resolved an investigation of Wells Fargo Financial's mortgage lending activities by the FRB. The Order provides, among other things, that (i) Wells Fargo shall submit to the FRB within 90 days of the Order a plan, acceptable to the FRB, for overseeing fraud prevention and detection and for compliance with certain federal and state laws applicable to unfair and deceptive practices and certain other laws applicable to mortgage lending; (ii) Wells Fargo shall submit to the FRB within 90 days of the Order a plan, acceptable to the FRB, for overseeing the implementation and modification of incentive compensation and performance management programs for sales, sales management and underwriting personnel with respect to mortgage lending within the Wells Fargo organization; (iii) Wells Fargo shall submit within 90 days of the Order a plan, acceptable to the FRB, for the remediation to borrowers who entered into loans with Wells Fargo Financial beginning January 1, 2004 through September 2008 where the loans were based on income documents that were altered or falsified by sales personnel; (iv) Wells Fargo shall submit within 90 days of the Order a plan, acceptable to the FRB, for the remediation to borrowers who received mortgage loans through Wells Fargo Financial at non-prime prices during the period from January 1, 2006 through September 2008 but whose mortgage loans may have qualified for prime pricing. In addition to these provisions to submit plans for compliance and compensation changes and for remediation payments to certain Wells Fargo Financial borrowers, the Order imposes a civil money penalty of $85 million on Wells Fargo.

Other government agencies, including state attorneys general and the U.S. Department of Justice, continue to investigate various mortgage related practices of the Bank. These investigations could result in material fines, penalties, equitable remedies (including requiring default servicing or other process changes), or other enforcement actions, and result in significant legal costs in responding to governmental investigations and additional litigation.

WACHOVIA EQUITY SECURITIES AND BONDS/NOTES LITIGATION The plaintiffs in the In re Wachovia Equity Securities Litigation and the Stichting Pensioenfords ABP, FC Holdings AB, Deka Investments GmbH and Forsta AP-Fonden cases have appealed the March 31, 2011 Decision and Order dismissing their cases.

Wells Fargo and the plaintiffs have agreed in principle to settle the In re Wachovia Preferred Securities and Bond/Notes Litigation for $590 million. The proposed settlement is subject to Court approval. The proposed settlement amount has been reflected in Wells Fargo's financial statements and will not have a material adverse effect on Wells Fargo's consolidated financial position.

OUTLOOK The Company establishes a liability for contingent litigation losses when it determines that a potential loss is both probable and estimable. In addition, for significant matters, the Company determines a range of potential loss that is

reasonably possible. The high end of the range of reasonably possible potential litigation losses in excess of the Company's liability for probable and estimable losses was $1.6 billion as of June 30, 2011. For these matters and others where an unfavorable outcome is reasonably possible but not probable, there may be a range of possible losses in excess of the established liability that cannot be estimated. Based on information currently available, advice of counsel, available insurance coverage and established reserves, Wells Fargo believes that the eventual outcome of the actions against Wells Fargo and/or its subsidiaries, including the matters described above, will not, individually or in the aggregate, have a material adverse effect on Wells Fargo's consolidated financial position. However, in the event of unexpected future developments, it is possible that the ultimate resolution of those matters, if unfavorable, may be material to Wells Fargo's results of operations for any particular period.

Note 11: Legal Actions

The following supplements our discussion of certain matters previously reported in Part I, Item 3 (Legal Proceedings) of our Annual Report on Form 10-K for the year ended December 31, 2010 and in Part II, Item 1 (Legal Proceedings) of our Quarterly Reports on Form 10-Q for the periods ended March 31, 2011 and June 30, 2011.

ELAVON LITIGATION The parties have agreed to settle the case. Payment will occur upon final documentation of the settlement. The settlement was accounted for in prior periods and will not have an adverse effect on the Company's consolidated financial position.

ERISA LITIGATION The U.S. District Court for the District of Minnesota granted final approval of the $17.5 million settlement in *Figas v. Wells Fargo & Company, et al*, on August 9, 2011.

The U. S. District Court for the Western District of North Carolina granted final approval of the $12.4 million settlement in *In re Wachovia Corporation ERISA Litigation* on October 24, 2011.

ILLINOIS ATTORNEY GENERAL LITIGATION On October 26, 2011 the Illinois Court issued an order granting, in part, and denying, in part, Wells Fargo's motion to dismiss. The Court dismissed Wells Fargo & Company as a party and dismissed Count III of the complaint, which alleged violations of the Illinois Fair Lending Act. The Court denied the remainder of the motion to dismiss.

IN RE WELLS FARGO MORTGAGE-BACKED CERTIFICATES LITIGATION On May 27, 2011, Wells Fargo and the plaintiffs agreed to settle the matter captioned *In re Wells Fargo Mortgage-Backed Securities Litigation* for $125 million. On July 26, 2011, the Court entered an order preliminarily approving the settlement. The hearing on final approval of the settlement took place on October 27, 2011, and we await the Court's ruling. Some class members have opted out of the settlement, with the most significant being the Federal National Mortgage Association (Fannie Mae), the Federal Home Loan Mortgage Corporation (Freddie Mac) and American International Group, Inc.

On April 20, 2011, a case captioned *Federal Home Loan of Boston v. Ally Financial, Inc., et al.*, was filed in the Superior Court of the Commonwealth of Massachusetts for the County of Suffolk. The case names, among a large number of parties, Wells Fargo & Company, Wells Fargo Asset Securitization Corporation and Wells Fargo Bank, National Association as parties and contains allegations substantially similar to the cases filed by the other Federal Home Loan Banks.

On April 28, 2011, a case captioned *The Union Central Life Insurance Company, et al. v. Credit Suisse First Boston Securities Corp., et al.*, was filed in the U.S. District Court for the Southern District of New York. Among other defendants, it names Wells Fargo Asset Securitization Corporation and Wells Fargo Bank, National Association. The case asserts various state law fraud claims and claims for violations of sections 10(b) and 20(a) of the Securities Exchange Act of 1934 on behalf of three insurance companies, relating to offerings of mortgage-backed securities from 2005 through 2007.

In addition, there are other cases involving other issuers of mortgage-backed certificates where Wells Fargo may have indemnity obligations because the pools of mortgages backing the certificates contain mortgages originated by Wells Fargo.

LE-NATURE'S, INC. The Le-Nature's cases have settled for the total sum of $95 million. The settlement was accounted for in prior periods and payment did not have an adverse effect on Wells Fargo's consolidated financial position.

MEDICAL CAPITAL CORPORATION LITIGATION Wells Fargo Bank, N.A. served as indenture trustee for debt issued by affiliates of Medical Capital Corporation, which was placed in receivership at the request of the Securities and Exchange Commission in August 2009. Since September 2009, Wells Fargo has been named as a defendant in various class and mass actions brought by holders of Medical Capital Corporation's debt, alleging that Wells Fargo breached contractual and other legal obligations owed to them and seeking unspecified damages.

The actions have been consolidated in the United States District Court for the Central District of California. On July 26, 2011, the District Court certified a class consisting of holders of notes issued by affiliates of Medical Capital Corporation and, on October 18, 2011, the Ninth Circuit Court of Appeals denied a petition seeking to appeal the class certification order.

MUNICIPAL DERIVATIVES BID PRACTICES INVESTIGATION The plaintiffs and Wells Fargo agreed to settle the *In re Municipal Derivatives Antitrust Litigation* on October 21, 2011. The settlement is subject to court approval and, if approved, will result in Wells Fargo paying an amount equal to the greater of $37 million or 65% of the restitution amount of a future settlement, if any, with the various state Attorneys General of their investigation of Wachovia.

OUTLOOK The Company establishes a liability for contingent litigation losses when it determines that a potential loss is both probable and estimable. In addition, for significant matters, the Company determines a range of potential loss that is reasonably possible. The high end of the range of reasonably possible potential litigation losses in excess of the Company's liability for probable and estimable losses was $1.6 billion as of September 30, 2011. For these matters and others where an unfavorable outcome is reasonably possible but not probable, there may be a range of possible losses in excess of the established liability that cannot be estimated. Based on information currently available, advice of counsel, available insurance coverage and established reserves, Wells Fargo believes that the eventual outcome of the actions against Wells Fargo and/or its subsidiaries, including the matters described above, will not, individually or in the aggregate, have a material adverse effect on Wells Fargo's consolidated financial position.

Note 15: Legal Actions (Annual Report 2011) – as presented in 10-K issued 2/28/2012

Wells Fargo and certain of our subsidiaries are involved in a number of judicial, regulatory and arbitration proceedings concerning matters arising from the conduct of our business activities. These proceedings include actions brought against Wells Fargo and/or our subsidiaries with respect to corporate related matters and transactions in which Wells Fargo and/or our subsidiaries were involved. In addition, Wells Fargo and our subsidiaries may be requested to provide information or otherwise cooperate with government authorities in the conduct of investigations of other persons or industry groups.

Although there can be no assurance as to the ultimate outcome, Wells Fargo and/or our subsidiaries have generally denied, or believe we have a meritorious defense and will deny, liability in all significant litigation pending against us, including the matters described below, and we intend to defend vigorously each case, other than matters we describe as having settled. Reserves are established for legal claims when payments associated with the claims become probable and the costs can be reasonably estimated. The actual costs of resolving legal claims may be substantially higher or lower than the amounts reserved for those claims.

ILLINOIS ATTORNEY GENERAL LITIGATION On July 31, 2009, the Attorney General for the State of Illinois filed a civil lawsuit against Wells Fargo & Company, Wells Fargo Bank, N.A. and Wells Fargo Financial Illinois, Inc. in the Circuit Court for Cook County, Illinois. The Illinois Attorney General alleges that the Wells Fargo defendants engaged in illegal discrimination by "reverse redlining" and by steering African-American and Latino customers into high cost, subprime mortgage loans while other borrowers with similar incomes received lower cost mortgages. Illinois also alleges that Wells Fargo Financial Illinois, Inc. misled Illinois customers about the terms of mortgage loans. Illinois' complaint against all Wells Fargo defendants is based on alleged violation of the Illinois Human Rights Act and the Illinois Fairness in Lending Act. The complaint also alleges that Wells Fargo Financial Illinois, Inc. violated the Illinois Consumer Fraud and Deceptive Business Practices Act and the Illinois Uniform Deceptive Trade Practices Act. Illinois' complaint seeks an injunction against the defendants' alleged violation of these Illinois statutes, restitution to consumers and civil money penalties. On October 26, 2011, the Illinois Court issued an order granting, in part, and denying, in part, Wells Fargo's motion to dismiss. The Court dismissed Wells Fargo & Company as a party and dismissed Count III of the complaint, which alleged violations of the Illinois Fair Lending Act. The Court denied the remainder of the motion to dismiss.

INTERCHANGE LITIGATION Wells Fargo Bank, N.A., Wells Fargo & Company, Wachovia Bank, N.A. and Wachovia Corporation are named as defendants, separately or in combination, in putative class actions filed on behalf of a plaintiff class of merchants and in individual actions brought by individual merchants with regard to the interchange fees associated

with Visa and MasterCard payment card transactions. These actions have been consolidated in the United States District Court for the Eastern District of New York. Visa, MasterCard and several banks and bank holding companies are named as defendants in various of these actions. The amended and consolidated complaint asserts claims against defendants based on alleged violations of federal and state antitrust laws and seeks damages, as well as injunctive relief. Plaintiff merchants allege that Visa, MasterCard and payment card issuing banks unlawfully colluded to set interchange rates. Plaintiffs also allege that enforcement of certain Visa and MasterCard rules and alleged tying and bundling of services offered to merchants are anticompetitive. Wells Fargo and Wachovia, along with other defendants and entities, are parties to Loss and Judgment Sharing Agreements, which provide that they, along with other entities, will share, based on a formula, in any losses from the Interchange Litigation.

MEDICAL CAPITAL CORPORATION LITIGATION Wells Fargo Bank, N.A. served as indenture trustee for debt issued by affiliates of Medical Capital Corporation, which was placed in receivership at the request of the Securities and Exchange Commission (SEC) in August 2009. Since September 2009, Wells Fargo has been named as a defendant in various class and mass actions brought by holders of Medical Capital Corporation's debt, alleging that Wells Fargo breached contractual and other legal obligations owed to them and seeking unspecified damages. The actions have been consolidated in the United States District Court for the Central District of California. On July 26, 2011, the District Court certified a class consisting of holders of notes issued by affiliates of Medical Capital Corporation and, on October 18, 2011, the Ninth Circuit Court of Appeals denied a petition seeking to appeal the class certification order.

MORTGAGE-BACKED CERTIFICATES LITIGATION Several securities law based putative class actions were consolidated in the U.S. District Court for the Northern District of California on July 16, 2009, under the caption In re Wells Fargo Mortgage-Backed Certificates Litigation. The case asserted claims against several Wells Fargo mortgage backed securities trusts, Wells Fargo Bank, N.A. and other affiliated entities, individual employee defendants, along with various underwriters and rating agencies. The plaintiffs alleged that the offering documents contain untrue statements of material fact, or omit to state material facts necessary to make the registration statements and accompanying prospectuses not misleading. The parties agreed to settle the case on May 27, 2011, for $125 million. Final approval of the settlement was entered on November 14, 2011. Some class members opted out of the settlement, with the most significant being the Federal National Mortgage Association (Fannie Mae), the Federal Home Loan Mortgage Corporation (Freddie Mac) and American International Group, Inc.

On June 29, 2010, and on July 15, 2010, two complaints, the first captioned The Charles Schwab Corporation vs. Merrill Lynch, Pierce, Fenner & Smith, Inc., et al., and the second captioned The Charles Schwab Corporation v. BNP Paribas Securities Corp., et al., were filed in the Superior Court for the State of California, San Francisco County against a number of defendants, including Wells Fargo Bank, N.A. and Wells Fargo Asset Securities Corporation. As against the Wells Fargo entities, the new cases assert opt out claims relating to the claims alleged in the Mortgage-Backed Certificates Litigation.

On October 15, 2010, three actions, captioned Federal Home Loan Bank of Chicago v. Banc of America Funding Corporation, et al. (filed in the Cook County Circuit Court, State of Illinois); Federal Home Loan Bank of Chicago v. Banc of America Securities LLC, et al. (filed in the Superior Court of the State of California for the County of Los Angeles); and Federal Home Loan Bank of Indianapolis v. Banc of America Mortgage America Securities, Inc., et al. (filed in the Superior Court of the State of Indiana for the County of Marion), named multiple defendants, described as issuers/depositors, and underwriters/dealers of private label mortgage-backed securities, in an action asserting claims that defendants used false and misleading statements in offering documents for the sale of such securities. The Bank of Chicago asserts that it purchased approximately $4.2 billion and the Bank of Indianapolis asserts that it purchased nearly $3 billion of such securities from the defendants. Plaintiffs seek rescission of the sales and damages under state securities and other laws and Section 11 of the Securities Act of 1933. Wells Fargo Asset Securities Corporation, Wells Fargo Bank, N.A. and Wells Fargo & Company were named among the defendants.

On April 20, 2011, a case captioned Federal Home Loan of Boston v. Ally Financial, Inc., et al., was filed in the Superior Court of the Commonwealth of Massachusetts for the County of Suffolk. The case names, among a large number of parties, Wells Fargo & Company, Wells Fargo Asset Securitization Corporation and Wells Fargo Bank, N.A. as parties and contains allegations substantially similar to the cases filed by the other Federal Home Loan Banks.

On April 28, 2011, a case captioned The Union Central Life Insurance Company, et al. v. Credit Suisse First Boston Securities Corp., et al., was filed in the U.S. District Court for the Southern District of New York. Among other defendants, it names Wells Fargo Asset Securitization Corporation and Wells Fargo Bank, N.A. The case asserts various

state law fraud claims and claims for violations of Sections 10(b) and 20(a) of the Securities Exchange Act of 1934 on behalf of three insurance companies, relating to offerings of mortgage-backed securities from 2005 through 2007.

In addition, there are other mortgage-related threatened or asserted claims by entities or investors where Wells Fargo may have indemnity or repurchase obligations, or as to which it has entered into agreements to toll the relevant statutes of limitations.

MORTGAGE FORECLOSURE DOCUMENT LITIGATION Eight purported class actions and several individual borrower actions related to foreclosure document practices were filed in late 2010 and in early 2011 against Wells Fargo Bank, N.A. in its status as mortgage servicer or corporate trustee of mortgage trusts. The cases have been brought in state and federal courts. Five of the class actions have been dismissed or otherwise resolved. Of the individual borrower cases, the majority are filed in state courts in California and Ohio. The actions generally claim that Wells Fargo submitted "fraudulent" or "untruthful" affidavits or other foreclosure documents to courts to support foreclosures filed in the state. Specifically, plaintiffs allege that Wells Fargo signers did not have personal knowledge of the facts alleged in the documents and did not verify the information in the documents ultimately filed with courts to foreclose. Plaintiffs attempt to state legal claims ranging from wrongful foreclosure to deceptive practices or fraud and seek relief ranging from cancellation of notes and mortgages to money damages.

MORTGAGE RELATED REGULATORY INVESTIGATIONS On April 13, 2011, Wells Fargo Bank, N.A. entered into a Consent Order with the OCC and Wells Fargo & Company entered into a Consent Order with the Board of Governors of the Federal Reserve System in connection with Wells Fargo's mortgage foreclosure practices. The Consent Orders require Wells Fargo to develop and implement certain compliance programs and to take other remedial steps, which Wells Fargo is doing. On February 9, 2012, the OCC and Federal Reserve announced that they had also imposed civil money penalties of $83 million and $85 million, respectively, related to the Consent Orders. These penalties will be satisfied through payments made under a separate simultaneous settlement in principle, announced on the same day, among the Department of Justice (DOJ), a task force of Attorneys General from 49 states, other government entities, Wells Fargo and four other mortgage servicers related to mortgage servicing and foreclosure practices. Under the settlement in principle, Wells Fargo agreed to the following commitments, comprised of three components totaling $5.3 billion:

Consumer Relief Program For qualified borrowers with financial hardship and a loan owned and serviced by Wells Fargo, a commitment to provide $3.4 billion in aggregate consumer relief and assistance programs, including expanded first and second mortgage modifications that broaden the use of principal reduction to help customers achieve affordability, an expanded short sale program that includes waivers of deficiency balances, forgiveness of arrearages for unemployed borrowers, cash-for-keys payments to borrowers who voluntarily vacate properties, and "anti-blight" provisions designed to reduce the impact on communities of vacant properties. As of December 31, 2011, the expected impact of the Consumer Relief Program was covered in our allowance for credit losses and in the nonaccretable difference relating to our purchased credit-impaired residential mortgage portfolio.
Refinance Program For qualified borrowers with little or negative equity in their home and a loan owned and serviced by Wells Fargo, an expanded first-lien refinance program commitment estimated to provide $900 million of aggregate payment relief over the life of the refinanced loans. The Refinance Program will not result in any current-period charge as its impact will be recognized over a period of years in the form of lower interest income as qualified borrowers benefit from reduced interest rates on loans refinanced under the program.
Foreclosure Assistance Payment $1 billion paid directly to the federal government and the participating states for their use to address the impact of foreclosure challenges as they see fit and which may include direct payments to consumers. As of December 31, 2011, we had fully accrued for the Foreclosure Assistance Payment.

Government agencies continue investigations or examinations of other mortgage related practices of Wells Fargo. The investigations relate to two main topics, (1) whether Wells Fargo may have violated fair lending or other laws and regulations relating to mortgage origination practices; and (2) whether Wells Fargo properly disclosed in offering documents for its residential mortgage-backed securities the facts and risks associated with those securities. Wells Fargo has received a Wells notice from SEC staff relating to Wells Fargo's disclosures in mortgage-backed securities offering documents. Wells Fargo continues to provide information requested by the various agencies in connection with certain investigations.

MUNICIPAL DERIVATIVES BID PRACTICES INVESTIGATION The DOJ and the SEC, beginning in November 2006, requested information from a number of financial institutions, including Wachovia Bank, N.A.'s municipal derivatives group, with regard to competitive bid practices in the municipal derivative markets. Other state and federal

agencies subsequently also began investigations of the same practices. On December 8, 2011, a global resolution of the Wachovia Bank investigations was announced by DOJ, the Internal Revenue Service, the SEC, the OCC and a group of State Attorneys General. The investigations were settled with Wachovia Bank agreeing to pay a total of approximately $148 million in penalties and remediation to the various agencies.

Wachovia Bank, along with a number of other banks and financial services companies, was named as a defendant in a number of substantially identical purported class actions and individual actions filed in various state and federal courts by various municipalities alleging they have been damaged by the activity which is the subject of the government investigations. These cases were either consolidated under the caption In re Municipal Derivatives Antitrust Litigation or administered jointly with that action in the U.S. District Court for the Southern District of New York. The plaintiffs and Wells Fargo agreed to settle the In re Municipal Derivatives Antitrust Litigation on October 21, 2011. The settlement is subject to court approval and, if finally approved, will result in Wells Fargo paying the amount of $37 million. The settlement was preliminarily approved on December 27, 2011.

ORDER OF POSTING LITIGATION A series of putative class actions have been filed against Wachovia Bank, N.A. and Wells Fargo Bank, N.A., as well as many other banks, challenging the high to low order in which the Banks post debit card transactions to consumer deposit accounts. There are currently several such cases pending against Wells Fargo Bank (including the Wachovia Bank cases to which Wells Fargo succeeded), most of which have been consolidated in multi-district litigation proceedings in the U.S. District Court for the Southern District of Florida. The bank defendants moved to compel these cases to arbitration under recent Supreme Court authority. On November 22, 2011, the Judge denied the motion. The Banks have appealed the decision to the U.S. Court of Appeals for the Eleventh Circuit.

On August 10, 2010, the U.S. District Court for the Northern District of California issued an order in Gutierrez v. Wells Fargo Bank, N.A., a case that was not consolidated in the multi-district proceedings, enjoining the Bank's use of the high to low posting method for debit card transactions with respect to the plaintiff class of California depositors, directing that the Bank establish a different posting methodology and ordering remediation of approximately $203 million. On October 26, 2010, a final judgment was entered in Gutierrez. On October 28, 2010, Wells Fargo appealed to the U.S. Court of Appeals for the Ninth Circuit.

WACHOVIA EQUITY SECURITIES AND BONDS/NOTES LITIGATION A securities class action, now captioned In re Wachovia Equity Securities Litigation, has been pending under various names since July 7, 2008, in the U.S. District Court for the Southern District of New York alleging violations of Sections 10(b) and 20(a) of the Securities Exchange Act of 1934. Among other allegations, plaintiffs allege Wachovia's common stock price was artificially inflated as a result of allegedly misleading disclosures relating to the Golden West Financial Corp. mortgage portfolio, Wachovia's exposure to other mortgage related products such as CDOs, control issues and auction rate securities. There are four additional cases (not class actions) containing allegations similar to the allegations in the In re Wachovia Equity Securities Litigation captioned Stichting Pensioenfonds ABP v. Wachovia Corp. et al., FC Holdings AB, et al. v. Wachovia Corp., et al., Deka Investment GmbH v. Wachovia Corp. et al. and Forsta AP-Fonden v. Wachovia Corp., et al. , respectively, which were filed in the U.S. District Court for the Southern District of New York. On March 31, 2011, the U.S. District Court for the Southern District of New York entered a Decision and Order granting Wachovia's motions to dismiss the In re Wachovia Equity Securities Litigation and the Stichting Pensioenfonds ABP, FC Holdings AB, Deka Investment GmbH and Forsta AP-Fonden cases. Plaintiffs and Wells Fargo have agreed to settle the Equity Securities Litigation for $75 million and on January 27, 2012, the Court entered an order preliminarily approving the settlement. A fairness hearing on final approval of the settlement is scheduled for June 1, 2012.

After a number of procedural motions, three purported class action cases alleging violations of Sections 11, 12, and 15 of the Securities Act of 1933 as a result of allegedly misleading disclosures relating to the Golden West mortgage portfolio in connection with Wachovia's issuance of various preferred securities and bonds were transferred to the U.S. District Court for the Southern District of New York. A consolidated class action complaint was filed on September 4, 2009, and the matter was captioned In Re Wachovia Preferred Securities and Bond/Notes Litigation. On March 31, 2011, by the same Decision and Order referenced above, the court also granted in part and denied in part Wachovia's motion to dismiss the In re Wachovia Preferred Securities and Bond/Notes Litigation , allowing that case to go forward after limiting the number of offerings at issue. Wells Fargo and the plaintiffs agreed to settle the In re Wachovia Preferred Securities and Bond/Notes Litigation for $590 million. The proposed settlement was preliminarily approved by the Court on August 9, 2011. The hearing on final approval was held on November 14, 2011, and a judgment approving class action settlements was filed on January 3, 2012.

There are a number of other similar actions filed in state courts in North Carolina and South Carolina by individual shareholders. Two of the individual shareholder actions in South Carolina have been dismissed and the shareholders have appealed. On December 22, 2011, the dismissal of the Rivers v. Wachovia Corporation, et al. case, one of the two South Carolina actions, was affirmed by the U.S. Court of Appeals for the Fourth Circuit.

OUTLOOK When establishing a liability for contingent litigation losses, the Company determines a range of potential losses for each matter that is both probable and estimable, and records the amount it considers to be the best estimate within the range. The high end of the range of reasonably possible potential litigation losses in excess of the Company's liability for probable and estimable losses was $1.2 billion as of December 31, 2011. For these matters and others where an unfavorable outcome is reasonably possible but not probable, there may be a range of possible losses in excess of the established liability that cannot be estimated. Based on information currently available, advice of counsel, available insurance coverage and established reserves, Wells Fargo believes that the eventual outcome of the actions against Wells Fargo and/or its subsidiaries, including the matters described above, will not, individually or in the aggregate, have a material adverse effect on Wells Fargo's consolidated financial position. However, in the event of unexpected future developments, it is possible that the ultimate resolution of those matters, if unfavorable, may be material to Wells Fargo's results of operations for any particular period.

Form 10-Q
WELLS FARGO & COMPANY/MN - WFC
Filed: May 08, 2012 (period: March 31, 2012)

Note 11: Legal Actions

The following supplements our discussion of certain matters previously reported in Part I, Item 3 (Legal Proceedings) of our 2011 Form 10-K for events occurring in first quarter 2012.

MORTGAGE-BACKED CERTIFICATES LITIGATION On April 28, 2011, a case captioned The Union Central Life Insurance Company, et al. v. Credit Suisse First Boston Securities Corp., et al., was filed in the U.S. District Court for the Southern District of New York. Among other defendants, it names Wells Fargo Asset Securitization Corporation and Wells Fargo Bank, N.A. The case asserts various state law fraud claims and claims for violations of Sections 10(b) and 20(a) of the Securities Exchange Act of 1934 on behalf of three insurance companies, relating to offerings of mortgage-backed securities from 2005 through 2007. In February 2012, the plaintiffs and Wells Fargo agreed to a settlement in principle of claims against the Wells Fargo entities and are in the process of documenting that settlement.

MORTGAGE RELATED REGULATORY INVESTIGATIONS Government agencies continue investigations or examinations of other mortgage related practices of Wells Fargo. The investigations relate to two main topics: (1) whether Wells Fargo may have violated fair lending or other laws and regulations relating to mortgage origination practices; and (2) whether Wells Fargo properly disclosed in offering documents for its residential mortgage-backed securities the facts and risks associated with those securities. With respect to (1), the Department of Justice has advised Wells Fargo that it believes it can bring claims against Wells Fargo for monetary damages and civil penalties under fair lending laws. We believe such claims should not be brought and continue seeking to demonstrate to the Department of Justice our compliance with fair lending laws.

OUTLOOK When establishing a liability for contingent litigation losses, the Company determines a range of potential losses for each matter that is both probable and estimable, and records the amount it considers to be the best estimate within the range. The high end of the range of reasonably possible potential litigation losses in excess of the Company's liability for probable and estimable losses was $927 million as of March 31, 2012. For these matters and others where an unfavorable outcome is reasonably possible but not probable, there may be a range of possible losses in excess of the established liability that cannot be estimated. Based on information currently available, advice of counsel, available insurance coverage and established reserves, Wells Fargo believes that the eventual outcome of the actions against Wells Fargo and/or its subsidiaries, including the matters described above, will not, individually or in the aggregate, have a material adverse effect on Wells Fargo's consolidated financial position. However, in the event of unexpected future developments, it is possible that the ultimate resolution of those matters, if unfavorable, may be material to Wells Fargo's results of operations for any particular period.

Form 10-Q
WELLS FARGO & COMPANY/MN - WFC

Note 11: Legal Actions 10-Q Filed August 7, 2012 (period: June 30, 2012)

The following supplements our discussion of certain matters previously reported in Part I, Item 3 (Legal Proceedings) of our 2011 Form 10-K, for events occurring in first quarter 2012, and Part II, Item 1 (Legal Proceedings) of our 2012 first quarter Quarterly Report on Form 10-Q for events occurring in second quarter 2012.

ILLINOIS ATTORNEY GENERAL LITIGATION On July 31, 2009, the Attorney General for the State of Illinois filed a civil lawsuit against Wells Fargo & Company, Wells Fargo Bank, N.A. and Wells Fargo Financial Illinois, Inc. in the Circuit Court for Cook County, Illinois. The Illinois Attorney General alleges that the Wells Fargo defendants engaged in discrimination by "reverse redlining" and by steering African-American and Latino customers into high cost, subprime mortgage loans while other borrowers with similar incomes received lower cost mortgages. Illinois also alleges that Wells Fargo Financial Illinois, Inc. misled Illinois customers about the terms of mortgage loans. Illinois' complaint against all Wells Fargo defendants is based on alleged violation of the Illinois Human Rights Act and the Illinois Fairness in Lending Act. On July 12, 2012, the case was resolved by entry of a Final Judgment and Consent Decree by the Circuit Court. The resolution calls for Illinois to receive $8 million in victim relief and certain community assistance as provided for in a settlement with the Civil Rights Division of the Department of Justice (DOJ) described in more detail in the Mortgage Related Regulatory Investigations section below.

INTERCHANGE LITIGATION Wells Fargo Bank, N.A., Wells Fargo & Company, Wachovia Bank, N.A. and Wachovia Corporation are named as defendants, separately or in combination, in putative class actions filed on behalf of a plaintiff class of merchants and in individual actions brought by individual merchants with regard to the interchange fees associated with Visa and MasterCard payment card transactions. These actions have been consolidated in the United States District Court for the Eastern District of New York. Visa, MasterCard and several banks and bank holding companies are named as defendants in various of these actions. The amended and consolidated complaint asserts claims against defendants based on alleged violations of federal and state antitrust laws and seeks damages, as well as injunctive relief. Plaintiff merchants allege that Visa, MasterCard and payment card issuing banks unlawfully colluded to set interchange rates. Plaintiffs also allege that enforcement of certain Visa and MasterCard rules and alleged tying and bundling of services offered to merchants are anticompetitive. Wells Fargo and Wachovia, along with other defendants and entities, are parties to Loss and Judgment Sharing Agreements, which provide that they, along with other entities, will share, based on a formula, in any losses from the Interchange Litigation. On July 13, 2012, Visa, MasterCard and the financial institution defendants, including Wells Fargo, signed a memorandum of understanding with plaintiff merchants to resolve the consolidated class actions and reached a separate settlement in principle of the consolidated individual actions. The proposed settlement payments for the consolidated class and individual actions are approximately $6.6 billion. The class settlement also provides for the distribution to class merchants of 10 basis points of default interchange across all credit rate categories for a period of eight consecutive months. The settlements are subject to further approval.

MEDICAL CAPITAL CORPORATION LITIGATION Wells Fargo Bank, N.A. served as indenture trustee for debt issued by affiliates of Medical Capital Corporation, which was placed in receivership at the request of the Securities and Exchange Commission (SEC) in August 2009. Since September 2009, Wells Fargo has been named as a defendant in various class and mass actions brought by holders of Medical Capital Corporation's debt, alleging that Wells Fargo breached contractual and other legal obligations owed to them and seeking unspecified damages. The actions have been consolidated in the United States District Court for the Central District of California. Wells Fargo has reached a conditional settlement in principle with the receiver for Medical Capital Corporation and its affiliates.

MORTGAGE-BACKED CERTIFICATES LITIGATION On April 28, 2011, a case captioned *The Union Central Life Insurance Company, et al. v. Credit Suisse First Boston Securities Corp., et al.*, was filed in the U.S. District Court for the Southern District of New York. Among other defendants, it named Wells Fargo Asset Securities Corporation and Wells Fargo Bank, N.A. The case asserted various state law fraud claims and claims for violations of Sections 10(b) and 20(a) of the Securities Exchange Act of 1934 on behalf of three insurance companies, relating to offerings of mortgage-backed securities from 2005 through 2007. In June 2012, the plaintiffs and Wells Fargo entered into a final settlement agreement and the claims against Wells Fargo were voluntarily dismissed with prejudice.

On April 20, 2011, a case captioned *Federal Home Loan of Boston v. Ally Financial, Inc., et al.*, was filed in the Superior Court of the Commonwealth of Massachusetts for the County of Suffolk. The complaint names, among a large

number of defendants, Wells Fargo & Company, Wells Fargo Asset Securities Corporation, and Wells Fargo Bank, N.A., and contains allegations substantially similar to the cases filed by the other Federal Home Loan Banks. Plaintiffs seek rescission of the sales of private label mortgage-backed securities and damages under state securities and other laws. Defendants removed the case to the U. S. District Court for the District of Massachusetts.

MORTGAGE RELATED REGULATORY INVESTIGATIONS Government agencies and authorities continue investigations or examinations of certain mortgage related practices of Wells Fargo. The current investigations relate to two main topics: (1) whether Wells Fargo complied with laws and regulations relating to mortgage origination practices, including laws and regulations related to fair lending and Federal Housing Administration insured residential home loans; and (2) whether Wells Fargo properly disclosed in offering documents for its residential mortgage-backed securities the facts and risks associated with those securities. On July 12, 2012, the DOJ filed a complaint captioned United States of America v. Wells Fargo Bank, N.A. in the U.S. District Court for the District of Columbia. The complaint alleged violations of the Fair Housing Act and the Equal Credit Opportunity Act (ECOA) with respect to Wells Fargo's residential mortgage lending operations during the period 2004 – 2008. Simultaneously with the filing of the complaint, a Consent Decree executed between the DOJ and Wells Fargo was filed providing for a consensual resolution of the complaint. In the Consent Decree, Wells Fargo denied that it had violated the Fair Housing Act or ECOA, but agreed to resolve the matter by paying $125 million in connection with pricing and product placement allegations primarily relating to mortgages priced and sold to consumers by third party brokers through the Wholesale Division of Wells Fargo Home Mortgage. In addition, Wells Fargo agreed to pay $50 million to fund a community support program in approximately eight cities or metropolitan statistical areas, with details yet to be agreed upon between the DOJ and Wells Fargo. Wells Fargo also agreed to undertake an internal lending compliance review of a small percentage of subprime mortgages delivered through its Retail channel during the period 2004 – 2008 and will rebate to borrowers as appropriate. Of the $125 million, $8 million and $2 million are specifically allocated to Illinois and Pennsylvania, respectively, to resolve matters in those states.

SECURITIES LENDING LITIGATION Wells Fargo Bank, N.A. is involved in ten separate pending actions brought by securities lending customers of Wells Fargo and Wachovia Bank in various courts. In general, each of the cases alleges that Wells Fargo violated fiduciary and contractual duties by investing collateral for loaned securities in investments that suffered losses. One case, brought by the City of St. Petersburg in the U.S. District Court for the Middle District of Florida, resulted in an April 2012 verdict against Wells Fargo in the amount of $10 million plus interest. Wells Fargo has filed post-trial motions to set aside the verdict. In addition, on March 27, 2012, a class of Wells Fargo securities lending customers was certified in a case captioned *City of Farmington Hills Employees Retirement System v. Wells Fargo Bank, N.A.*, which is pending in the U.S. District Court for the District of Minnesota. Wells Fargo sought interlocutory review of the class certification in the U.S. Court of Appeals for the Eighth Circuit. The Eighth Circuit declined such review on May 7, 2012.

WACHOVIA EQUITY SECURITIES AND BONDS/NOTES LITIGATION A securities class action, now captioned In re Wachovia Equity Securities Litigation, has been pending under various names since July 7, 2008, in the U.S. District Court for the Southern District of New York alleging violations of Sections 10(b) and 20(a) of the Securities Exchange Act of 1934. Among other allegations, plaintiffs allege Wachovia's common stock price was artificially inflated as a result of allegedly misleading disclosures relating to the Golden West Financial Corp. mortgage portfolio, Wachovia's exposure to other mortgage related products such as CDOs, control issues and auction rate securities. On March 31, 2011, the U.S. District Court for the Southern District of New York entered a Decision and Order granting Wachovia's motions to dismiss the In re Wachovia Equity Securities Litigation and the Stichting Pensioenfonds ABP, FC Holdings AB, Deka Investment GmbH and Forsta AP-Fonden cases. Plaintiffs and Wells Fargo have agreed to settle the Equity Securities Litigation for $75 million and on January 27, 2012, the Court entered an order preliminarily approving the settlement. On June 12, 2012, an Order finally approving the class action settlement was entered.

There were four similar actions filed in state courts in North Carolina and South Carolina by individual shareholders. Three of these individual shareholder actions have been finally dismissed and the dismissal of the fourth is on appeal.

OUTLOOK When establishing a liability for contingent litigation losses, the Company determines a range of potential losses for each matter that is both probable and estimable, and records the amount it considers to be the best estimate within the range. The high end of the range of reasonably possible potential litigation losses in excess of the Company's liability for probable and estimable losses was $1.2 billion as of June 30, 2012. For these matters and others where an unfavorable outcome is reasonably possible but not probable, there may be a range of possible losses in excess of the established liability that cannot be estimated. Based on information currently available, advice of counsel, available insurance coverage and established reserves, Wells Fargo believes that the eventual outcome of the actions against Wells

Fargo and/or its subsidiaries, including the matters described above, will not, individually or in the aggregate, have a material adverse effect on Wells Fargo's consolidated financial position. However, in the event of unexpected future developments, it is possible that the ultimate resolution of those matters, if unfavorable, may be material to Wells Fargo's results of operations for any particular period.

Note 11: Legal Actions 10-Q Period ending September 30, 2012 – Filed November 6, 2012

The following supplements our discussion of certain matters previously reported in Part I, Item 3 (Legal Proceedings) of our 2011 Form 10-K, and Part II, Item 1 (Legal Proceedings) of our 2012 first and second quarter Quarterly Reports on Form 10-Q for events occurring in third quarter 2012.

FHA INSURANCE LITIGATION On October 9, 2012, the United States filed a complaint, captioned United States of America v. Wells Fargo Bank, N.A. , in the U.S. District Court for the Southern District of New York. The complaint makes claims with respect to Wells Fargo's FHA lending program for the period 2001 to 2010. The complaint alleges, among other allegations, that Wells Fargo improperly certified certain FHA mortgage loans for FHA insurance that did not qualify for the program, and therefore Wells Fargo should not have received insurance proceeds from FHA when some of the loans later defaulted. The complaint further alleges Wells Fargo knew some of the mortgages did not qualify for insurance, and did not disclose the deficiencies to FHA before making insurance claims.

MORTGAGE FORECLOSURE DOCUMENT LITIGATION As previously disclosed, eight purported class actions and several individual borrower actions related to foreclosure document practices were filed in late 2010 and in early 2011 against Wells Fargo Bank, N.A. in its status as mortgage servicer or corporate trustee of mortgage trusts. Five of those cases had been previously dismissed or otherwise resolved. Two of the three remaining purported class actions were dismissed or otherwise resolved on October 3 and October 25, 2012. As a result, seven of the eight purported class actions have now been dismissed or otherwise resolved.

MORTGAGE RELATED REGULATORY INVESTIGATIONS Government agencies and authorities continue investigations or examinations of certain mortgage related practices of Wells Fargo. The current investigations primarily relate to: (1) whether Wells Fargo complied with applicable laws, regulations and documentation requirements relating to mortgage origination and securitizations, including those at the former Wachovia Corporation; and (2) whether Wells Fargo properly disclosed in offering documents for its residential mortgage-backed securities the facts and risks associated with those securities. As previously disclosed, on July 12, 2012, the DOJ filed a complaint captioned United States of America v. Wells Fargo Bank, N.A. in the U.S. District Court for the District of Columbia. The complaint alleged violations of the Fair Housing Act and the Equal Credit Opportunity Act (ECOA) with respect to Wells Fargo's residential mortgage lending operations during the period 2004 – 2008. Simultaneously with the filing of the complaint, a Consent Decree executed between the DOJ and Wells Fargo was filed providing for a consensual resolution of the complaint. In the Consent Decree, Wells Fargo denied that it had violated the Fair Housing Act or ECOA, but agreed to resolve the matter by paying $125 million in connection with pricing and product placement allegations primarily relating to mortgages priced and sold to consumers by third party brokers through the Wholesale Division of Wells Fargo Home Mortgage. In addition, Wells Fargo agreed to pay $50 million to fund a community support program in approximately eight cities or metropolitan statistical areas, with details yet to be agreed upon between the DOJ and Wells Fargo. Wells Fargo also agreed to undertake an internal lending compliance review of a small percentage of subprime mortgages delivered through its Retail channel during the period 2004 – 2008 and will rebate to borrowers as appropriate. Of the $125 million, $8 million and $2 million are specifically allocated to Illinois and Pennsylvania, respectively, to resolve matters in those states. On September 20, 2012, the Court entered a Memorandum Opinion and Order approving and entering the Consent Order.

ORDER OF POSTING LITIGATION As previously disclosed, a series of putative class actions have been filed against Wachovia Bank, N.A. and Wells Fargo Bank, N.A., as well as many other banks, challenging the high to low order in which the Banks posted debit card transactions to consumer deposit accounts. There remain several such cases pending against Wells Fargo Bank (including the Wachovia Bank cases to which Wells Fargo succeeded), most of which have been consolidated in multi-district litigation proceedings in the U.S. District Court for the Southern District of Florida. The bank defendants moved to compel these cases to arbitration under recent Supreme Court authority. On November 22, 2011, the Judge denied the motion. On October 26, 2012, the U.S. Court of Appeals for the Eleventh Circuit affirmed the District Court's denial of the motion to compel arbitration.

WACHOVIA EQUITY SECURITIES AND BONDS/NOTES LITIGATION As previously disclosed, a securities class action, now captioned In re Wachovia Equity Securities Litigation, had been pending under various names since July 7, 2008, in the U.S. District Court for the Southern District of New York alleging violations of Sections 10(b) and 20(a) of the Securities Exchange Act of 1934. Among other allegations, plaintiffs alleged Wachovia's common stock price was artificially inflated as a result of allegedly misleading disclosures relating to the Golden West Financial Corp. mortgage portfolio, Wachovia's exposure to other mortgage related products such as CDOs, control issues and auction rate securities. There were four additional cases (not class actions) containing allegations similar to the allegations in the In re Wachovia Equity Securities Litigation captioned Stichting Pensioenfonds ABP v. Wachovia Corp. et al., FC Holdings AB, et al. v. Wachovia Corp., et al., Deka Investment GmbH v. Wachovia Corp. et al. and Forsta AP-Fonden v. Wachovia Corp., et al. , respectively, which were filed in the U.S. District Court for the Southern District of New York. On March 31, 2011, the U.S. District Court for the Southern District of New York entered a Decision and Order granting Wachovia's motions to dismiss the In re Wachovia Equity Securities Litigation and the Stichting Pensioenfonds ABP, FC Holdings AB, Deka Investment GmbH and Forsta AP-Fonden cases and all of those cases have subsequently been resolved. Plaintiffs and Wells Fargo agreed to settle the Equity Securities Litigation for $75 million and on January 27, 2012, the Court entered an order preliminarily approving the settlement. On June 12, 2012, an Order finally approving the class action settlement was filed.

There were four previously disclosed individual actions, containing allegations similar to the main In re Wachovia Equity Securities Litigation matter, filed in state courts in North Carolina and South Carolina. All four of those cases have now been finally dismissed.

OUTLOOK: When establishing a liability for contingent litigation losses, the Company determines a range of potential losses for each matter that is both probable and estimable, and records the amount it considers to be the best estimate within the range. The high end of the range of reasonably possible potential litigation losses in excess of the Company's liability for probable and estimable losses was $1.2 billion as of September 30, 2012. For these matters and others where an unfavorable outcome is reasonably possible but not probable, there may be a range of possible losses in excess of the established liability that cannot be estimated. Based on information currently available, advice of counsel, available insurance coverage and established reserves, Wells Fargo believes that the eventual outcome of the actions against Wells Fargo and/or its subsidiaries, including the matters described above, will not, individually or in the aggregate, have a material adverse effect on Wells Fargo's consolidated financial position. However, in the event of unexpected future developments, it is possible that the ultimate resolution of those matters, if unfavorable, may be material to Wells Fargo's results of operations for any particular period.

Form 8-K Filed November 28, 2012 (period: November 20, 2012)

Mortgage Related Regulatory Investigations

Wells Fargo & Company (the "Company") previously disclosed the receipt of a Wells notice from the staff of the Securities and Exchange Commission (the "Commission") relating to the Company's disclosures in mortgage-backed securities offering documents. On November 20, 2012, the Company was notified by the Commission's staff that this investigation has been completed and the staff does not intend to recommend any enforcement action by the Commission.

Form 8-K

WELLS FARGO & COMPANY/MN - WEFGL

Filed: December 21, 2012 (period: December 17, 2012)

TO ALL HOLDERS OF WELLS FARGO & COMPANY ("WELLS FARGO") COMMON STOCK AS OF DECEMBER 13, 2012, WHO CONTINUE TO HOLD SUCH SHARES AS OF MARCH 5, 2013 ("CURRENT WELLS FARGO SHAREHOLDERS")

PLEASE TAKE NOTICE that the parties have reached a proposed settlement to resolve the derivative claims asserted on behalf of Wells Fargo in Feuer v. Thompson et al. , Civil Action No. 10-0279 YGR, Northern District of California, and Rogers v. Thompson et al. , Civil Action No. 12-0203 YGR, Northern District of California, referred to collectively below as "the Derivative Actions." The proposed settlement also will resolve claims set forth in certain Demand Letters (as defined in

the parties' Stipulation of Settlement). The claims asserted in the Derivative Actions, the Demand Letters, and certain other proceedings are collectively referred to as the "Released Claims."

PLEASE BE FURTHER ADVISED that pursuant to an Order of the United States District Court for the Northern District of California, a hearing will be held before the Honorable Yvonne Gonzalez Rogers, in Courtroom 5 of the United States Courthouse, 1301 Clay Street, Oakland, California, at 3:00 p.m., on March 5, 2013, to determine whether (i) the proposed settlement should be approved by the Court as fair, reasonable, and adequate; (ii) the Derivative Actions should be dismissed with prejudice; (iii) the individual defendants should be released from liability for any of the Released Claims; and (iv) the Court should award attorneys' fees and reimbursement of expenses for Plaintiffs' Counsel, and in what amount.

Plaintiffs' Counsel intend to apply to the Court for an award of attorneys' fees and expenses (the "Fee Application") in an amount not to exceed $2.5 million. Any attorneys'

NOTICE TO SHAREHOLDERS NO. 10-CV-00279 YGR
NO. 12-CV-00203 YGR

fees and expenses awarded by the Court will be paid exclusively by Wells Fargo. The Fee Application will be filed with the Court by January 4, 2013, and available to Wells Fargo Shareholders by January 6, 2013. Wells Fargo has not agreed to any fee award and reserves the right to oppose the Fee Application, in whole or in part, regardless of the amount sought.

The proposed settlement obligates Wells Fargo's Board of Directors to implement certain governance improvements as more fully set forth in the Stipulation of Settlement. It does not involve the payment of any funds by the defendants to Wells Fargo or to any of the plaintiffs. You may obtain detailed information about the terms of the proposed settlement, including the Complaints, motions to dismiss, the Stipulation of Settlement, the Preliminary Approval Order, the Fee Application and other documents, as well as all papers to be submitted in connection with the final approval process—at the website www.WFWachoviaDerivativeSettlement.com, or by contacting Counsel for Plaintiffs at any of the addresses below.

If you are a Current Wells Fargo Shareholder, you may have certain rights in connection with the proposed settlement, including the right to object to any aspect of the settlement. Every objection must be in writing and contain: (i) your name, address and telephone number; (ii) the number of shares of Wells Fargo stock you currently hold, together with third-party documentary evidence, such as the most recent account statement, showing such share ownership; and (iii) a detailed statement of your objections to any matter before the Court and all grounds therefore, including any supporting documents to be considered by the Court. If you do not submit written objections TO BE RECEIVED NO LATER THAN February 15, 2013, you shall not be entitled to contest the proposed settlement or Fee Application unless otherwise ordered by the Court for good cause shown. All such objections must identify the case number and must be filed with the Court at:

Clerk of the Court
United States District Court
1301 Clay Street
Oakland, CA 94612

Form 8-K

WELLS FARGO & COMPANY/MN - WEFGL

Filed: January 11, 2013 (period: January 11, 2013)

Independent Foreclosure Review Settlement
On January 7, 2013, the Company announced that, along with nine other mortgage servicers, it entered into settlement agreements with the Office of the Comptroller of the Currency (OCC) and the Federal Reserve Board (FRB) that would end their IFR programs created by Article VII of an April 2011 Interagency Consent Order and replace it with an accelerated remediation process.

In aggregate, the servicers have agreed to make direct, cash payments of $3.3 billion and to provide $5.2 billion in additional assistance, such as loan modifications, to consumers. Wells Fargo's portion of the cash settlement is $766 million, which is based on the proportionate share of Wells Fargo-serviced loans in the overall IFR population. Wells Fargo recorded a pre-tax charge of $644 million in fourth quarter 2012 to fully reserve for its cash payment portion of the settlement and additional remediation-related costs. The Company also committed an additional $1.2 billion to foreclosure prevention actions. This

commitment did not result in any charge as the Company believes that this commitment is covered through the existing allowance for credit losses and the nonaccretable difference relating to the purchased credit-impaired loan portfolios. With this settlement, the Company will no longer incur costs associated with the independent foreclosure reviews, which had recently approximated $125 million per quarter for external consultants and additional staffing.

"In addition to the benefit to our customers, we are very pleased to have put this legacy issue behind us and to have removed the future costs associated with independent foreclosure reviews," said Stumpf.

Note 15: Legal Actions

Wells Fargo and certain of our subsidiaries are involved in a number of judicial, regulatory and arbitration proceedings concerning matters arising from the conduct of our business activities. These proceedings include actions brought against Wells Fargo and/or our subsidiaries with respect to corporate related matters and transactions in which Wells Fargo and/or our subsidiaries were involved. In addition, Wells Fargo and our subsidiaries may be requested to provide information or otherwise cooperate with government authorities in the conduct of investigations of other persons or industry groups.

Although there can be no assurance as to the ultimate outcome, Wells Fargo and/or our subsidiaries have generally denied, or believe we have a meritorious defense and will deny, liability in all significant litigation pending against us, including the matters described below, and we intend to defend vigorously each case, other than matters we describe as having settled. Reserves are established for legal claims when payments associated with the claims become probable and the costs can be reasonably estimated. The actual costs of resolving legal claims may be substantially higher or lower than the amounts reserved for those claims.

FHA INSURANCE LITIGATION On October 9, 2012, the United States filed a complaint, captioned *United States of America v. Wells Fargo Bank, N.A.*, in the U.S. District Court for the Southern District of New York. The complaint makes claims with respect to Wells Fargo's Federal Housing Administration (FHA) lending program for the period 2001 to 2010. The complaint alleges, among other allegations, that Wells Fargo improperly certified certain FHA mortgage loans for United States Department of Housing and Urban Development (HUD) insurance that did not qualify for the program, and therefore Wells Fargo should not have received insurance proceeds from HUD when some of the loans later defaulted. The complaint further alleges Wells Fargo knew some of the mortgages did not qualify for insurance and did not disclose the deficiencies to HUD before making insurance claims. On December 1, 2012, Wells Fargo filed a motion in the U.S. District Court for the District of Columbia seeking to enforce a release of Wells Fargo given by the United States, which was denied on February 12, 2013. On December 14, 2012, the United States filed an amended complaint. On January 16, 2013, Wells Fargo filed a motion in the Southern District of New York to dismiss the amended complaint.

INTERCHANGE LITIGATION Wells Fargo Bank, N.A., Wells Fargo & Company, Wachovia Bank, N.A. and Wachovia Corporation are named as defendants, separately or in combination, in putative class actions filed on behalf of a plaintiff class of merchants and in individual actions brought by individual merchants with regard to the interchange fees associated with Visa and MasterCard payment card transactions. These actions have been consolidated in the U.S. District Court for the Eastern District of New York. Visa, MasterCard and several banks and bank holding companies are named as defendants in various of these actions. The amended and consolidated complaint asserts claims against defendants based on alleged violations of federal and state antitrust laws and seeks damages, as well as injunctive relief. Plaintiff merchants allege that Visa, MasterCard and payment card issuing banks unlawfully colluded to set interchange rates. Plaintiffs also allege that enforcement of certain Visa and MasterCard rules and alleged tying and bundling of services offered to merchants are anticompetitive. Wells Fargo and Wachovia, along with other defendants and entities, are parties to Loss and Judgment Sharing Agreements, which provide that they, along with other entities, will share, based on a formula, in any losses from the Interchange Litigation. On July 13, 2012, Visa, MasterCard and the financial institution defendants, including Wells Fargo, signed a memorandum of understanding with plaintiff merchants to resolve the consolidated class actions and reached a separate settlement in principle of the consolidated individual actions. The proposed settlement payments by all defendants in the consolidated class and individual actions total approximately $6.6 billion. The class settlement also provides for the distribution to class merchants of 10 basis points of default interchange across all credit rate categories for a period of eight consecutive months. The Court has granted preliminary approval of the settlements. The settlements are subject to further review and approval by the Court.

MEDICAL CAPITAL CORPORATION LITIGATION Wells Fargo Bank, N.A. served as indenture trustee for debt issued by affiliates of Medical Capital Corporation, which was placed in receivership at the request of the Securities and Exchange Commission (SEC) in August 2009. Since September 2009,
Wells Fargo has been named as a defendant in various class and mass actions brought by holders of Medical Capital Corporation's debt, alleging that Wells Fargo breached contractual and other legal obligations owed to them and seeking unspecified damages. The actions have been consolidated in the U.S. District Court for the Central District of California. On July 26, 2011, the District Court certified a class consisting of holders of notes issued by affiliates of Medical Capital Corporation and, on October 18, 2011, the Ninth Circuit Court of Appeals denied a petition seeking to appeal the class certification order. A previously disclosed potential settlement of the case was not consummated and the case is in discovery.

MARYLAND MORTGAGE LENDING LITIGATION On December 26, 2007, a class action complaint captioned *Denise Minter, et al., v. Wells Fargo Bank, N.A., et al.*, was filed in the U.S. District Court for the District of Maryland. The complaint alleges that Wells Fargo and others violated provisions of the Real Estate Settlement Procedures Act and other laws by conducting mortgage lending business improperly through a general partnership, Prosperity Mortgage Company. The complaint asserts that Prosperity Mortgage Company was not a legitimate affiliated business and instead operated to conceal Wells Fargo Bank, N.A.'s role in the loans at issue. A plaintiff class of borrowers who received a mortgage loan from Prosperity that was funded by Prosperity's line of credit with Wells Fargo Bank,

N.A. from 1993 to May 31, 2012 has been certified. The Court has scheduled a trial in this case for May 6, 2013. A second, related case is also pending in the same Court. On July 8, 2008, a class action complaint captioned *Stacey and Bradley Petry, et al., v. Wells Fargo Bank, N.A., et al.*, was filed. The complaint alleges that Wells Fargo and others violated the Maryland Finder's Fee Act in the closing of mortgage loans in Maryland. The Court certified a plaintiff class of borrowers whose loans are secured by Maryland real property, which loans showed Prosperity Mortgage Company as the lender receiving a fee for services, and were funded through a Wells Fargo line of credit to Prosperity from 1993 to May 31, 2012. The Court has scheduled a trial in this case for March 18, 2013.

MORTGAGE-BACKED CERTIFICATES LITIGATION Several securities law based putative class actions were consolidated in the U.S. District Court for the Northern District of California on July 16, 2009, under the caption *In re Wells Fargo Mortgage-Backed Certificates Litigation*. The case asserted claims against several Wells Fargo mortgage backed securities trusts, Wells Fargo Bank, N.A. and other affiliated entities, individual employee defendants, along with various underwriters and rating agencies. The plaintiffs alleged that the offering documents contain untrue statements of material fact, or omit to state material facts necessary to make the registration statements and accompanying prospectuses not misleading. The parties agreed to settle the case on May 27, 2011, for $125 million. Final approval of the settlement was entered on November 14, 2011. Some class members opted out of the settlement, with the most significant being the Federal National Mortgage Association (Fannie Mae) and the Federal Home Loan Mortgage Corporation (Freddie Mac).

On June 29, 2010, and on July 15, 2010, two complaints, the first captioned *The Charles Schwab Corporation vs. Merrill Lynch, Pierce, Fenner & Smith, Inc., et al.*, and the second captioned *The Charles Schwab Corporation v. BNP ParibasSecurities Corp., et al.*, were filed in the Superior Court for the State of California, San Francisco County against a number of defendants, including Wells Fargo Bank, N.A. and Wells Fargo Asset Securities Corporation. As against the Wells Fargo entities, the new cases assert opt out claims relating to the claims alleged in the Mortgage-Backed Certificates Litigation.

On October 15, 2010, three actions, captioned *Federal Home Loan Bank of Chicago v. Banc of America Funding Corporation, et al.* (filed in the Cook County Circuit Court, State of Illinois); *Federal Home Loan Bank of Chicago v. Banc of America Securities LLC, et al.* (filed in the Superior Court of the State of California for the County of Los Angeles); and *Federal Home Loan Bank of Indianapolis v. Banc of America Mortgage America Securities, Inc., et al.* (filed in the Superior Court of the State of Indiana for the County of Marion), named multiple defendants, described as issuers/depositors, and underwriters/dealers of private label mortgage-backed securities, in an action asserting claims that defendants used false and misleading statements in offering documents for the sale of such securities. Plaintiffs seek rescission of the sales and damages under state securities and other laws and Section 11 of the Securities Act of 1933. Wells Fargo Asset Securities Corporation, Wells Fargo Bank, N.A. and Wells Fargo & Company were named among the defendants. On April 20, 2011, a case captioned *Federal Home Loan of Boston v. Ally Financial, Inc., et al.*, was filed in the Superior Court of the Commonwealth of Massachusetts for the County of Suffolk. The case names, among a large number of parties, Wells Fargo & Company, Wells Fargo Asset Securitization Corporation and Wells Fargo Bank, N.A. as parties and contains allegations substantially similar to the cases filed by the other Federal Home Loan Banks.

In addition, there are other mortgage-related threatened or asserted claims by entities or investors where Wells Fargo may have indemnity or repurchase obligations, or as to which it has entered into agreements to toll the relevant statutes of limitations.

MORTGAGE FORECLOSURE DOCUMENT LITIGATION Eight purported class actions and several individual borrower actions related to foreclosure document practices were filed in late 2010 and in early 2011 against Wells Fargo Bank, N.A. in its status as mortgage servicer or corporate trustee of mortgage trusts. The cases were brought in state and federal courts. All eight cases have been dismissed or otherwise resolved.

MORTGAGE RELATED REGULATORY INVESTIGATIONS Government agencies and authorities continue investigations or examinations of certain mortgage related practices of Wells Fargo. Wells Fargo, for itself and for predecessor institutions, has responded, and continues to respond, to requests from government agencies seeking information regarding the origination, underwriting and securitization of residential mortgages, including sub-prime mortgages. On February 24, 2012, Wells Fargo received a Wells Notice from SEC Staff relating to Wells Fargo's disclosures in mortgage-backed securities offering documents. On November 20, 2012, the SEC Staff advised Wells Fargo it did not intend to take action on the subject matter of the Wells Notice.

IN RE MUNICIPAL DERIVATIVES ANTITRUST LITIGATION Wachovia Bank, along with several other banks and financial services companies, was named as a defendant beginning in April 2008 in a number of substantially identical purported class actions and individual actions filed in various state and federal courts by various municipalities alleging they have been damaged by alleged anticompetitive activity of the defendants. These cases were either consolidated under the caption *In re Municipal Derivatives Antitrust Litigation* or administered jointly with that action in the U.S. District Court for the Southern District of New York. The plaintiffs and Wells Fargo agreed to settle the *In re Municipal Derivatives Antitrust Litigation* on October 21, 2011. The settlement received final approval on December 14, 2012. A number of municipalities have opted out of the settlement, but the remaining potential claims are not material.

ORDER OF POSTING LITIGATION A series of putative class actions have been filed against Wachovia Bank, N.A. and Wells Fargo Bank, N.A., as well as many other banks, challenging the

high to low order in which the Banks post debit card transactions to consumer deposit accounts. There are currently several such cases pending against Wells Fargo Bank (including the Wachovia Bank cases to which Wells Fargo succeeded), most of which have been consolidated in multi-district litigation proceedings in the U.S. District Court for the Southern District of Florida. The bank defendants moved to compel these cases to arbitration under recent Supreme Court authority. On November 22, 2011, the Judge denied the motion. The Banks appealed the decision to the U.S. Court of Appeals for the Eleventh Circuit. On October 26, 2012, the Eleventh Circuit affirmed the District Court's denial of the motion.

On August 10, 2010, the U.S. District Court for the Northern District of California issued an order in *Gutierrez v. Wells Fargo Bank, N.A.*, a case that was not consolidated in the multi-district proceedings, enjoining the Bank's use of the high to low posting method for debit card transactions with respect to the plaintiff class of California depositors, directing that the Bank establish a different posting methodology and ordering remediation of approximately $203 million. On October 26, 2010, a final judgment was entered in Gutierrez. On October 28, 2010, Wells Fargo appealed to the U.S. Court of Appeals for the Ninth Circuit. On December 26, 2012, the Ninth Circuit reversed the order requiring Wells Fargo to change its order of posting and vacated the portion of the order granting remediation of approximately $203 million on the grounds of federal pre-emption. The Ninth Circuit affirmed the District Court's finding that Wells Fargo violated a California state law prohibition on fraudulent representations and remanded the case to the District Court for further proceedings.

SECURITIES LENDING LITIGATION Wells Fargo Bank, N.A. is involved in several separate pending actions brought by securities lending customers of Wells Fargo and Wachovia Bank in various courts. In general, each of the cases alleges that Wells Fargo violated fiduciary and contractual duties by investing collateral for loaned securities in investments that suffered losses. In addition, on March 27, 2012, a class of Wells Fargo securities lending customers was certified in a case captioned *City of Farmington Hills Employees Retirement System v. Wells Fargo Bank, N.A.*, which is pending in the U.S. District Court for the District of Minnesota. Wells Fargo sought interlocutory review of the class certification in the U.S. Court of Appeals for the Eighth Circuit. The Eighth Circuit declined such review on May 7, 2012.

OUTLOOK When establishing a liability for contingent litigation losses, the Company determines a range of potential losses for each matter that is both probable and estimable, and records the amount it considers to be the best estimate within the range. The high end of the range of reasonably possible potential litigation losses in excess of the Company's liability for probable and estimable losses was $1.0 billion as of December 31, 2012. For these matters and others where an unfavorable outcome is reasonably possible but not probable, there may be a range of possible losses in excess of the established liability that cannot be estimated. Based on information currently available, advice of counsel, available insurance coverage and established reserves, Wells Fargo believes that the eventual outcome of the actions against Wells Fargo and/or its subsidiaries, including the matters described above, will not, individually or in the aggregate, have a material adverse effect on Wells Fargo's consolidated financial position. However, in the event of unexpected future developments, it is possible that the ultimate resolution of those matters, if unfavorable, may be material to Wells Fargo's results of operations for any particular period.

The following supplements our discussion of certain matters previously reported in Part I, Item 3 (Legal Proceedings) of our 2012 Form 10-K for events occurring during first quarter 2013.

FHA INSURANCE LITIGATION On October 9, 2012, the United States filed a complaint, captioned *United States of America v. Wells Fargo Bank, N.A.*, in the U.S. District Court for the Southern District of New York. The complaint makes claims with respect to Wells Fargo's Federal Housing Administration (FHA) lending program for the period 2001 to 2010. The complaint alleges, among other allegations, that Wells Fargo improperly certified certain FHA mortgage loans for United States Department of Housing and Urban Development (HUD) insurance that did not qualify for the program, and therefore Wells Fargo should not have received insurance proceeds from HUD when some of the loans later defaulted. The complaint further alleges Wells Fargo knew some of the mortgages did not qualify for insurance and did not disclose the deficiencies to HUD before making insurance claims. On December 1, 2012, Wells Fargo filed a motion in the U.S. District Court for the District of Columbia seeking to enforce a release of Wells Fargo given by the United States, which was denied on February 12, 2013. On April 11, 2013, Wells Fargo filed a notice of appeal. On December 14, 2012, the United States filed an amended complaint. On January 16, 2013, Wells Fargo filed a motion in the Southern District of New York to dismiss the amended complaint. Oral argument of the motion was held on April 17, 2013.

MEDICAL CAPITAL CORPORATION LITIGATION Wells Fargo Bank, N.A. served as indenture trustee for debt issued by affiliates of Medical Capital Corporation, which was placed in receivership at the request of the Securities and Exchange Commission (SEC) in August 2009. Since September 2009, Wells Fargo has been named as a defendant in various class and mass actions brought by holders of Medical Capital Corporation's debt, alleging that Wells Fargo breached contractual and other legal obligations owed to them and seeking unspecified damages. On April 16, 2013, the parties reached a settlement in principle of all claims which provides for Wells Fargo to pay $105 million to the plaintiffs. The settlement is subject to Court approval.

MARYLAND MORTGAGE LENDING LITIGATION On July 8, 2008, a class action complaint captioned *Stacey and Bradley Petry, et al., v. Wells Fargo Bank, N.A., et al.*, was filed. The complaint alleges that Wells Fargo and others violated the Maryland Finder's Fee Act in the closing of mortgage loans in Maryland. On March 13, 2013, the Court held the plaintiff class did not have sufficient evidence to proceed to trial, which was previously set for March 18, 2013. The Court is considering whether to dismiss the case or to certify an appellate question to the Maryland Court of Appeals.

MORTGAGE-BACKED CERTIFICATES LITIGATION Several securities law based putative class actions were consolidated in
the U.S. District Court for the Northern District of California on July 16, 2009, under the caption *In re Wells Fargo Mortgage-Backed Certificates Litigation*. The case asserted claims against several Wells Fargo mortgage-backed securities trusts, Wells Fargo Bank, N.A. and other affiliated entities, individual employee defendants, along with various underwriters and rating agencies. The plaintiffs alleged that the offering documents contain untrue statements of material fact, or omit to state material facts necessary to make the registration statements and accompanying prospectuses not misleading. The parties agreed to settle the case on May 27, 2011, for $125 million. Final approval of the settlement was entered on November 14, 2011. Some class members opted out of the settlement. Wells Fargo settled the opt out claims of Federal National Mortgage Association for an amount that was within a previously established accrual.

OUTLOOK When establishing a liability for contingent litigation losses, the Company determines a range of potential losses for each matter that is both probable and estimable, and records the amount it considers to be the best estimate within the range. The high end of the range of reasonably possible potential litigation losses in excess of the Company's liability for probable and estimable losses was $1.1 billion as of March 31, 2013. For these matters and others where an unfavorable outcome is reasonably possible but not probable, there may be a range of possible losses in excess of the established liability that cannot be estimated. Based on information currently available, advice of counsel, available insurance coverage and established reserves, Wells Fargo believes that the eventual outcome of the actions against Wells Fargo and/or its subsidiaries, including the matters described above, will not, individually or in the aggregate, have a material adverse effect on Wells Fargo's consolidated financial position. However, in the event of unexpected future developments, it is possible that the ultimate resolution of those matters, if unfavorable, may be material to Wells Fargo's results of operations for any particular period.

Wells Fargo & Company 10-Q
Note 11: Legal Actions June 30, 2013

The following supplements our discussion of certain matters previously reported in Part I, Item 3 (Legal Proceedings) of our 2012 Form 10-K and Part II, Item 1 (Legal Proceedings) of our 2013 first quarter Quarterly Report on Form 10-Q for events occurring during second quarter 2013.

MEDICAL CAPITAL CORPORATION LITIGATION Wells Fargo Bank, N.A. served as indenture trustee for debt issued by affiliates of Medical Capital Corporation, which was placed in receivership at the request of the Securities and Exchange Commission (SEC) in August 2009. Since September 2009, Wells Fargo has been named as a defendant in various class and mass actions brought by holders of Medical Capital Corporation's debt, alleging that Wells Fargo breached contractual and other legal obligations owed to them and seeking unspecified damages. On April 16, 2013, the parties reached a settlement, subject to Court approval, of all claims which provides for Wells Fargo to pay $105 million to the plaintiffs. The Court gave preliminary approval to the settlement on May 6, 2013.

MARYLAND MORTGAGE LENDING LITIGATION On December 26, 2007, a class action complaint captioned *Denise Minter, et al., v. Wells Fargo Bank, N.A., et al.,* was filed in the U.S. District Court for the District of Maryland. The complaint alleges that Wells Fargo and others violated provisions of the Real Estate Settlement Procedures Act and other laws by conducting mortgage lending business improperly through a general partnership, Prosperity Mortgage Company. The complaint asserts that Prosperity Mortgage Company was not a legitimate affiliated business and instead operated to conceal Wells Fargo Bank, N.A.'s role in the loans at issue. A plaintiff class of borrowers who received a mortgage loan from Prosperity Mortgage Company that was funded by Prosperity Mortgage Company's line of credit with Wells Fargo Bank, N.A. from 1993 to May 31, 2012, had been certified. Prior to trial, the Court narrowed the class action to borrowers who were referred to Prosperity Mortgage Company by Wells Fargo's partner and whose loans were transferred to Wells Fargo Bank, N.A. from 1993 to May 31, 2012. On May 6, 2013, the case went to trial. On June 6, 2013, the jury returned a verdict in favor of all defendants, including Wells Fargo. The plaintiffs have requested a new trial on the named plaintiffs' individual claims, and have filed a notice of appeal.

On July 8, 2008, a class action complaint captioned *Stacey and Bradley Petry, et al., v. Wells Fargo Bank, N.A., et al.*, was filed. The complaint alleges that Wells Fargo and others violated the Maryland Finder's Fee Act in the closing of mortgage loans in Maryland. On March 13, 2013, the Court held the plaintiff class did not have sufficient evidence to proceed to trial, which was previously set for March 18, 2013. On June 20, 2013, the Court entered judgment in favor of the defendants. The plaintiffs have appealed.

ORDER OF POSTING LITIGATION A series of putative class actions have been filed against Wachovia Bank, N.A. and Wells Fargo Bank, N.A., as well as many other banks, challenging the high to low order in which the banks post debit card transactions to consumer deposit accounts. There are currently several such cases pending against Wells Fargo Bank (including the Wachovia Bank cases to which Wells Fargo succeeded), most of which have been consolidated in multi-district litigation proceedings in the U.S. District Court for the Southern District of Florida. The bank defendants moved to compel these cases to arbitration under recent Supreme Court authority. On November 22, 2011, the Judge denied the motion. The bank defendants appealed the decision to the U.S. Court of Appeals for the Eleventh Circuit. On October 26, 2012, the Eleventh Circuit affirmed the District Court's denial of the motion. Wells Fargo renewed its motion to compel arbitration with respect to the unnamed putative class members. On April 8, 2013, the District Court denied the motion. Wells Fargo has appealed the decision to the Eleventh Circuit.
On August 10, 2010, the U.S. District Court for the Northern District of California issued an order in *Gutierrez v. Wells Fargo Bank, N.A.*, a case that was not consolidated in the multi-district proceedings, enjoining the bank's use of the high to low posting method for debit card transactions with respect to the plaintiff class of California depositors, directing the bank to establish a different posting methodology and ordering remediation of approximately $203 million. On October 26, 2010, a final judgment was entered in *Gutierrez*. On October 28, 2010, Wells Fargo appealed to the U.S. Court of Appeals for the Ninth Circuit. On December 26, 2012, the Ninth Circuit reversed the order requiring Wells Fargo to change its order of posting and vacated the portion of the order granting remediation of approximately $203 million on the grounds of federal preemption. The Ninth Circuit affirmed the District Court's finding that Wells Fargo violated a California state law prohibition on fraudulent representations and remanded the case to the District Court for further proceedings. On May 14, 2013, the District Court entered an order indicating it will reinstate the judgment of approximately $203 million against Wells Fargo and enjoined Wells Fargo from making or disseminating additional misrepresentations about its order of posting of transactions. Wells Fargo has appealed the order to the Ninth Circuit. On August 5, 2013, the District Court entered a judgment against Wells Fargo in the approximate amount of $203 million, together with post-judgment interest thereon from October 25, 2010.

OUTLOOK When establishing a liability for contingent litigation losses, the Company determines a range of potential losses for each matter that is both probable and estimable, and records the amount it considers to be the best estimate

within the range. The high end of the range of reasonably possible potential litigation losses in excess of the Company's liability for probable and estimable losses was $1.1 billion as of June 30, 2013. For these matters and others where an unfavorable outcome is reasonably possible but not probable, there may be a range of possible losses in excess of the established liability that cannot be estimated. Based on information currently available, advice of counsel, available insurance coverage and established reserves, Wells Fargo believes that the eventual outcome of the actions against Wells Fargo and/or its subsidiaries, including the matters described above, will not, individually or in the aggregate, have a material adverse effect on Wells Fargo's consolidated financial position. However, in the event of unexpected future developments, it is possible that the ultimate resolution of those matters, if unfavorable, may be material to Wells Fargo's results of operations for any particular period.

10-Q
Note 11: Legal Actions – September 30, 2013

The following supplements our discussion of certain matters previously reported in Part I, Item 3 (Legal Proceedings) of our 2012 Form 10-K and Part II, Item 1 (Legal Proceedings) of our 2013 first and second quarter Quarterly Reports on Form 10-Q for events occurring during third quarter 2013.

FHA INSURANCE LITIGATION On October 9, 2012, the United States filed a complaint, captioned *United States of America v. Wells Fargo Bank, N.A.*, in the U.S. District Court for the Southern District of New York. The complaint makes claims with respect to Wells Fargo's Federal Housing Administration (FHA) lending program for the period 2001 to 2010. The complaint alleges, among other allegations, that Wells Fargo improperly certified certain FHA mortgage loans for United States Department of Housing and Urban Development (HUD) insurance that did not qualify for the program, and therefore Wells Fargo should not have received insurance proceeds from HUD when some of the loans later defaulted. The complaint further alleges Wells Fargo knew some of the mortgages did not qualify for insurance and did not disclose the deficiencies to HUD before making insurance claims. On December 1, 2012, Wells Fargo filed a motion in the U.S. District Court for the District of Columbia seeking to enforce a release of Wells Fargo given by the United States, which was denied on February 12, 2013. On April 11, 2013, Wells Fargo appealed the decision to the U.S. Court of Appeals for the District of Columbia Circuit, and filed its initial appellate brief on September 20, 2013. On December 14, 2012, the United States filed an amended complaint. On January 16, 2013, Wells Fargo filed a motion in the Southern District of New York to dismiss the amended complaint. On September 24, 2013, the Court entered an order denying the motion with respect to the government's federal statutory claims and granting in part, and denying in part, the motion with respect to the government's common law claims.

MEDICAL CAPITAL CORPORATION LITIGATION Wells Fargo Bank, N.A. served as indenture trustee for debt issued by affiliates of Medical Capital Corporation, which was placed in receivership at the request of the Securities and Exchange Commission (SEC) in August 2009. Since September 2009, Wells Fargo has been named as a defendant in various class and mass actions brought by holders of Medical Capital Corporation's debt, alleging that Wells Fargo breached contractual and other legal obligations owed to them and seeking unspecified damages. On April 16, 2013, the parties reached a settlement, subject to Court approval, of all claims which provides for Wells Fargo to pay $105 million to the plaintiffs. The Court gave final approval to the settlement on August 12, 2013.

MORTGAGE-BACKED CERTIFICATES LITIGATION Several securities law based putative class actions were consolidated in the U.S. District Court for the Northern District of California on July 16, 2009, under the caption In re Wells Fargo Mortgage-Backed Certificates Litigation. The case asserted claims against several Wells Fargo mortgage-backed securities trusts, Wells Fargo Bank, N.A. and other affiliated entities, individual employee defendants, along with various underwriters and rating agencies. The plaintiffs alleged that the offering documents contain untrue statements of material fact, or omit to state material facts necessary to make the registration statements and accompanying prospectuses not misleading. The parties agreed to settle the case on May 27, 2011, for $125 million. Final approval of the settlement was entered on November 14, 2011. Some class members, including Federal National Mortgage Association (FNMA) and Federal Home Loan Mortgage Corporation (FHLMC), opted out of the settlement. Wells Fargo settled the opt out claims of FNMA in first quarter 2013 and settled the opt out claims of FHLMC in third quarter 2013, in each case for an amount that was within a previously established accrual. Both settlements included the Federal Housing Finance Agency, as conservator of FNMA and FHLMC. The combined amount of the settlements was approximately $335 million.

On October 15, 2010, three actions, captioned *Federal Home Loan Bank of Chicago v. Banc of America Funding Corporation, et al.* (filed in the Cook County Circuit Court, State of Illinois); *Federal Home Loan Bank of Chicago v. Banc of America Securities LLC, et al.* (filed in the Superior Court of the State of California for the County of Los Angeles); and *Federal Home Loan Bank of Indianapolis v. Banc of America Mortgage America Securities, Inc., et al.* (filed in the Superior Court of the State of Indiana for the County of Marion), named multiple defendants, described as issuers/depositors, and underwriters/dealers of private label mortgage-backed securities, in an action asserting claims that defendants used false and misleading statements in offering documents for the sale of such securities. Plaintiffs seek rescission of the sales and damages under state securities and other laws and Section 11 of the Securities Act of 1933. Wells Fargo Asset Securities Corporation, Wells Fargo Bank, N.A. and Wells Fargo & Company were named among the defendants. Wells Fargo has reached a settlement in principle with the Federal Home Loan Bank of Indianapolis to settle the claims against it in the *Federal Home Loan Bank of Indianapolis v. Banc of America Mortgage America Securities, Inc., et al.* action for an amount within a previously established accrual. Wells Fargo has also reached a settlement in principle with the Federal Home Loan Bank of Chicago to settle the claims against it in the *Federal Home Loan Bank of Chicago v. Banc of America Funding Corporation, et al.* and *Federal Home Loan Bank of Chicago v. Banc of America Securities LLC* actions for an amount within a previously established accrual.

On April 20, 2011, a case captioned Federal Home Loan Bank of Boston v. Ally Financial, Inc., et al., was filed in the Superior Court of the Commonwealth of Massachusetts for the County of Suffolk. The case names, among a large number of parties, Wells Fargo & Company, Wells Fargo Asset Securitization Corporation and Wells Fargo Bank, N.A. as parties and asserts claims that defendants used false and misleading statements in offering documents for the sale of mortgage-backed securities. Wells Fargo settled the claims of the Federal Home Loan Bank of Boston for an amount within a previously established accrual and was dismissed, with prejudice, from the Federal Home Loan Bank of Boston v. Ally Financial, Inc., et al. action on September 30, 2013.

ORDER OF POSTING LITIGATION On August 10, 2010, the U.S. District Court for the Northern District of California issued an order in Gutierrez v. Wells Fargo Bank, N.A., a case that was not consolidated in the multi-district proceedings, enjoining the bank's use of the high to low posting method for debit card transactions with respect to the plaintiff class of California depositors, directing the bank to establish a different posting methodology and ordering remediation of approximately $203 million. On October 26, 2010, a final judgment was entered in Gutierrez. On October 28, 2010, Wells Fargo appealed to the U.S. Court of Appeals for the Ninth Circuit. On December 26, 2012, the Ninth Circuit reversed the order requiring Wells Fargo to change its order of posting and vacated the portion of the order granting remediation of approximately $203 million on the grounds of federal preemption. The Ninth Circuit affirmed the District Court's finding that Wells Fargo violated a California state law prohibition on fraudulent representations and remanded the case to the District Court for further proceedings. On August 5, 2013, the District Court entered a judgment against Wells Fargo in the approximate amount of $203 million, together with post-judgment interest thereon from October 25, 2010, and, effective as of July 15, 2013, enjoined Wells Fargo from making or disseminating additional misrepresentations about its order of posting of transactions. On August 7, 2013, Wells Fargo appealed the judgment to the Ninth Circuit.

OUTLOOK When establishing a liability for contingent litigation losses, the Company determines a range of potential losses for each matter that is both probable and estimable, and records the amount it considers to be the best estimate within the range. The high end of the range of reasonably possible potential litigation losses in excess of the Company's liability for probable and estimable losses was $1.0 billion as of September 30, 2013. For these matters and others where an unfavorable outcome is reasonably possible but not probable, there may be a range of possible losses in excess of the established liability that cannot be estimated. Based on information currently available, advice of counsel, available insurance coverage and established reserves, Wells Fargo believes that the eventual outcome of the actions against Wells Fargo and/or its subsidiaries, including the matters described above, will not, individually or in the aggregate, have a material adverse effect on Wells Fargo's consolidated financial position. However, in the event of unexpected future developments, it is possible that the ultimate resolution of those matters, if unfavorable, may be material to Wells Fargo's results of operations for any particular period.

Note 15: Legal Actions

Wells Fargo and certain of our subsidiaries are involved in a number of judicial, regulatory and arbitration proceedings concerning matters arising from the conduct of our business activities. These proceedings include actions brought against Wells Fargo and/or our subsidiaries with respect to corporate related matters and transactions in which Wells Fargo and/or our subsidiaries were involved. In addition, Wells Fargo and our subsidiaries may be requested to provide information or otherwise cooperate with government authorities in the conduct of investigations of other persons or industry groups.

Although there can be no assurance as to the ultimate outcome, Wells Fargo and/or our subsidiaries have generally denied, or believe we have a meritorious defense and will deny, *liability in all significant litigation pending against us, including the matters described below, and we intend to defend vigorously each case, other than matters we describe as having* settled. Reserves are established for legal claims when payments associated with the claims become probable and the costs can be reasonably estimated. The actual costs of resolving legal claims may be substantially higher or lower than the amounts reserved for those claims.

FHA INSURANCE LITIGATION On October 9, 2012, the United States filed a complaint, captioned *United States of America v. Wells Fargo Bank, N.A.*, in the U.S District Court for the Southern District of New York. The complaint makes claims with respect to Wells Fargo's Federal Housing Administration (FHA) lending program for the period 2001 to 2010. The complaint alleges, among other allegations, that Wells Fargo improperly certified certain FHA mortgage loans for United States Department of Housing and Urban Development (HUD) insurance that did not qualify for the program, and therefore Wells Fargo should not have received insurance proceeds from HUD when some of the loans later defaulted. The complaint further alleges Wells Fargo knew some of the mortgages did not qualify for insurance and did not disclose the deficiencies to HUD before making insurance claims. On December 1, 2012, Wells Fargo filed a motion in the U S. District Court for the District of Columbia seeking to enforce a release of Wells Fargo given by the United States, which was denied on February 12, 2013 On April 11, 2013, Wells Fargo appealed the decision to the U.S. Court of Appeals for the District of Columbia Circuit, with appellate briefing completed on November 26, 2013. On December 14, 2012, the United States filed an amended complaint. On January 16, 2013, Wells Fargo filed a motion in the Southern District of New York to dismiss the amended complaint. On September 24, 2013, the Court entered an order denying the motion with respect to the government's federal statutory claims and granting in part, and denying in part, the motion with respect to the government's common law claims. On January 10, 2014, the United States filed a second amended complaint.

INTERCHANGE LITIGATION Wells Fargo Bank, N.A., Wells Fargo & Company, Wachovia Bank, N.A. and Wachovia Corporation are named as defendants, separately or in combination, in putative class actions filed on behalf of a plaintiff class of merchants and in individual actions brought by individual merchants with regard to the interchange fees associated with Visa and MasterCard payment card transactions. These actions have been consolidated in the U.S. District Court for the Eastern District of New York. Visa, MasterCard and several banks and bank holding companies are named as defendants in various of these actions The amended and consolidated complaint asserts claims against defendants based on alleged violations of federal and state antitrust laws and seeks damages, as well as injunctive relief. Plaintiff merchants allege that Visa, MasterCard and payment card issuing banks unlawfully colluded to set interchange rates Plaintiffs also allege that enforcement of certain Visa and MasterCard rules and alleged tying and bundling of services offered to merchants are anticompetitive. Wells Fargo and Wachovia, along with other defendants and entities, are parties to Loss and Judgment Sharing Agreements, which provide that they, along with other entities, will share, based on a formula, in any losses from the Interchange Litigation. On July 13, 2012, Visa, MasterCard and the financial institution defendants, including Wells Fargo, signed a memorandum of understanding with plaintiff merchants to resolve the consolidated class actions and reached a separate settlement in principle of the consolidated individual actions. The proposed settlement payments by all defendants in the consolidated class and individual actions total approximately $6.6 billion. The class settlement also provides for the distribution to class merchants of 10 basis points of default interchange across all credit rate categories for a period of eight consecutive months. The Court granted final approval of the settlement, which is proceeding. Merchants have filed several "opt-out" actions.

MARYLAND MORTGAGE LENDING LITIGATION On December 26, 2007, a class action complaint captioned *Denise Minter, et al., v Wells Fargo Bank, N.A., et al*, was filed in the U.S. District Court for the District of Maryland. The complaint alleges that Wells Fargo and others violated provisions of the Real Estate Settlement Procedures Act and other laws by *conducting mortgage lending business improperly through a general partnership, Prosperity Mortgage Company. The complaint asserts that Prosperity Mortgage Company was not a* legitimate affiliated business and instead operated to conceal Wells Fargo Bank, N.A.'s role in the loans at issue A plaintiff class of borrowers who received a mortgage loan from Prosperity Mortgage Company that was funded by Prosperity Mortgage Company's line of credit with Wells Fargo Bank, N.A. from 1993 to May 31, 2012, had been certified. Prior to trial, the Court narrowed the class action to borrowers who were referred to Prosperity Mortgage Company by Wells Fargo's partner and whose loans were transferred to Wells Fargo Bank, N.A. from 1993 to May 31, 2012. On May 6, 2013, the case went to trial. On June 6, 2013, the jury returned a verdict in favor of all defendants, including Wells Fargo. The plaintiffs have appealed.

On July 8, 2008, a class action complaint captioned *Stacey and Bradley Petry, et al, v Wells Fargo Bank, N.A., et al.*, was filed. The complaint alleges that Wells Fargo and others violated the Maryland Finder's Fee Act in the closing of mortgage loans in Maryland. On March 13, 2013, the Court held the plaintiff class did not have sufficient evidence to proceed to trial, which was previously set for March 18, 2013. On June 20, 2013, the Court entered judgment in favor of the defendants. The plaintiffs have appealed.

MORTGAGE RELATED REGULATORY INVESTIGATIONS Government agencies continue investigations or examinations of certain mortgage related practices of Wells Fargo and predecessor institutions. Wells Fargo, for itself and for predecessor institutions, has

responded, and continues to respond, to requests from government agencies seeking information regarding the origination, underwriting and securitization of residential mortgages, including sub-prime mortgages.

ORDER OF POSTING LITIGATION A series of putative class actions have been filed against Wachovia Bank, N.A. and Wells Fargo Bank, N.A., as well as many other banks, challenging the high to low order in which the banks post debit card transactions to consumer deposit accounts. There are currently several such cases pending against Wells Fargo Bank (including the Wachovia Bank cases to which Wells Fargo succeeded), most of which have been consolidated in multi-district litigation proceedings in the U.S. District Court for the Southern District of Florida. The bank defendants moved to compel these cases to arbitration under recent Supreme Court authority. On November 22, 2011, the Judge denied the motion The bank defendants appealed the decision to the U.S. Court of Appeals for the Eleventh Circuit. On October 26, 2012, the Eleventh Circuit affirmed the District Court's denial of the motion. Wells Fargo renewed its motion to compel arbitration with respect to the unnamed putative class members. On April 8, 2013, the District Court denied the motion. Wells Fargo has appealed the decision to the Eleventh Circuit.

On August 10, 2010, the U.S District Court for the Northern District of California issued an order in Gutierrez v. Wells Fargo Bank, N.A., a case that was not consolidated in the multi-district proceedings, enjoining the bank's use of the high to low posting method for debit card transactions with respect to the plaintiff class of California depositors, directing the bank to establish a different posting methodology and ordering remediation of approximately $203 million. On October 26, 2010, a final judgment was entered in Gutierrez. On October 28, 2010, Wells Fargo appealed to the U.S Court of Appeals for the Ninth Circuit. On December 26, 2012, the Ninth Circuit reversed the order requiring Wells Fargo to change its order of posting and vacated the portion of the order granting remediation of approximately $203 million on the grounds of federal preemption The Ninth Circuit affirmed the District Court's finding that Wells Fargo violated a California state law prohibition on fraudulent representations and remanded the case to the District Court for further proceedings. On August 5, 2013, the District Court entered a judgment against Wells Fargo in the approximate amount of $203 million, together with post-judgment interest thereon from October 25, 2010, and, effective as of July 15, 2013, enjoined Wells Fargo from making or disseminating additional misrepresentations about its order of posting of transactions. On August 7, 2013, Wells Fargo appealed the judgment to the Ninth Circuit.

SECURITIES LENDING LITIGATION Wells Fargo Bank, N.A. is involved in five separate pending actions brought by securities lending customers of Wells Fargo and Wachovia Bank in various courts. In general, each of the cases alleges that Wells Fargo violated fiduciary and contractual duties by investing collateral for loaned securities in investments that suffered losses. One of the cases, filed on March 27, 2012, is composed of a class of Wells Fargo securities lending customers in a case captioned *City of Farmington Hills Employees Retirement System v. Wells Fargo Bank, N.A.* The class action is pending in the U.S. District Court for the District of Minnesota.

OUTLOOK When establishing a liability for contingent litigation losses, the Company determines a range of potential losses for each matter that is both probable and estimable, and records the amount it considers to be the best estimate within the range. The high end of the range of reasonably possible potential litigation losses in excess of the Company's liability for probable and estimable losses was $951 million as of December 31, 2013. For these matters and others where an unfavorable outcome is reasonably possible but not probable, there may be a range of possible losses in excess of the established liability that cannot be estimated. Based on information currently available, advice of counsel, available insurance coverage and established reserves, Wells Fargo believes that the eventual outcome of the actions against Wells Fargo and/or its subsidiaries, including the matters described above, will not, individually or in the aggregate, have a material adverse effect on Wells Fargo's consolidated financial position However, in the event of unexpected future developments, it is possible that the ultimate resolution of those matters, if unfavorable, may be material to Wells Fargo's results of operations for any particular period.

[redacted]

If the letters "NA," the word "None," or no response appears on the lines above, it will be conclusively presumed that the Disclosing Party certified to the above statements.

8. To the best of the Disclosing Party's knowledge after reasonable inquiry, the following is a complete list of all current employees of the Disclosing Party who were, at any time during the 12-month period preceding the execution date of this EDS, an employee, or elected or appointed official, of the City of Chicago (if none, indicate with "N/A" or "none").

The Disclosing Party certifies that as of the date hereof, to the best of the Disclosing Party's knowledge after due inquiry, the answer with respect to this question is: None. Please note that the foregoing answer is based on an email questionnaire distributed on March 10, 2014 to all Illinois-based employees of Wells Fargo Bank, N.A. and those employees that that work in the Bank's government and institutional banking group, and on an email questionnaire distributed on March 10, 2014 to those employees that work in the Bank's community lending and investment group, and may accordingly have a material relationship with the City.

9. To the best of the Disclosing Party's knowledge after reasonable inquiry, the following is a complete list of all gifts that the Disclosing Party has given or caused to be given, at any time during the 12-month period preceding the execution date of this EDS, to an employee, or elected or appointed official, of the City of Chicago. For purposes of this statement, a "gift" does not include: (i) anything made generally available to City employees or to the general public, or (ii) food or drink provided in the course of official City business and having a retail value of less than $20 per recipient (if none, indicate with "N/A" or "none"). As to any gift listed below, please also list the name of the City recipient.

The Disclosing Party certifies that as of the date hereof, to the best of the Disclosing Party's knowledge after due inquiry, the answer with respect to this question is: None. Please note that the foregoing answer is based on an email questionnaire distributed on March 10, 2014 to all Illinois-based employees of Wells Fargo Bank, N.A. and those employees that that work in the Bank's government and institutional banking group, and on an email questionnaire distributed on March 10, 2014 to those employees that work in the Bank's community lending and investment group, and may accordingly have a material relationship with the City.

C. CERTIFICATION OF STATUS AS FINANCIAL INSTITUTION

1. The Disclosing Party certifies that the Disclosing Party (check one)

[X] is [ ] is not

a "financial institution" as defined in Section 2-32-455(b) of the Municipal Code.

2. If the Disclosing Party IS a financial institution, then the Disclosing Party pledges:

"We are not and will not become a predatory lender as defined in Chapter 2-32 of the Municipal Code. We further pledge that none of our affiliates is, and none of them will become, a predatory lender as defined in Chapter 2-32 of the Municipal Code. We understand that becoming a predatory lender or becoming an affiliate of a predatory lender may result in the loss of the privilege of doing business with the City."

If the Disclosing Party is unable to make this pledge because it or any of its affiliates (as defined in Section 2-32-455(b) of the Municipal Code) is a predatory lender within the meaning of Chapter 2-32 of the Municipal Code, explain here (attach additional pages if necessary):

If the letters "NA," the word "None," or no response appears on the lines above, it will be conclusively presumed that the Disclosing Party certified to the above statements.

D. CERTIFICATION REGARDING INTEREST IN CITY BUSINESS

Any words or terms that are defined in Chapter 2-156 of the Municipal Code have the same meanings when used in this Part D.

1. In accordance with Section 2-156-110 of the Municipal Code: Does any official or employee of the City have a financial interest in his or her own name or in the name of any other person or entity in the Matter?

[ ] Yes [X] No

NOTE: If you checked "Yes" to Item D.1., proceed to Items D.2. and D.3. If you checked "No" to Item D.1., proceed to Part E.

2. Unless sold pursuant to a process of competitive bidding, or otherwise permitted, no City elected official or employee shall have a financial interest in his or her own name or in the name of any other person or entity in the purchase of any property that (i) belongs to the City, or (ii) is sold for taxes or assessments, or (iii) is sold by virtue of legal process at the suit of the City (collectively, "City Property Sale"). Compensation for property taken pursuant to the City's eminent domain power does not constitute a financial interest within the meaning of this Part D.

Does the Matter involve a City Property Sale?

[✓] Yes [ ] No

3. If you checked "Yes" to Item D.1., provide the names and business addresses of the City officials or employees having such interest and identify the nature of such interest:

Name	Business Address	Nature of Interest
N/A		

4. The Disclosing Party further certifies that no prohibited financial interest in the Matter will be acquired by any City official or employee.

E. CERTIFICATION REGARDING SLAVERY ERA BUSINESS

Please check either 1. or 2. below. If the Disclosing Party checks 2., the Disclosing Party must disclose below or in an attachment to this EDS all information required by paragraph 2. Failure to

comply with these disclosure requirements may make any contract entered into with the City in connection with the Matter voidable by the City.

____1. The Disclosing Party verifies that the Disclosing Party has searched any and all records of the Disclosing Party and any and all predecessor entities regarding records of investments or profits from slavery or slaveholder insurance policies during the slavery era (including insurance policies issued to slaveholders that provided coverage for damage to or injury or death of their slaves), and the Disclosing Party has found no such records.

x 2. The Disclosing Party verifies that, as a result of conducting the search in step 1 above, the Disclosing Party has found records of investments or profits from slavery or slaveholder insurance policies. The Disclosing Party verifies that the following constitutes full disclosure of all such records, including the names of any and all slaves or slaveholders described in those records:
See Attachment "D"

SECTION VI -- CERTIFICATIONS FOR FEDERALLY FUNDED MATTERS

NOTE: If the Matter is federally funded, complete this Section VI. **If the Matter is not federally funded,** proceed to Section VII. For purposes of this Section VI, tax credits allocated by the City and proceeds of debt obligations of the City are not federal funding.

A. CERTIFICATION REGARDING LOBBYING

1. List below the names of all persons or entities registered under the federal Lobbying Disclosure Act of 1995 who have made lobbying contacts on behalf of the Disclosing Party with respect to the Matter: (Add sheets if necessary):

N/A

(If no explanation appears or begins on the lines above, or if the letters "NA" or if the word "None" appear, it will be conclusively presumed that the Disclosing Party means that NO persons or entities registered under the Lobbying Disclosure Act of 1995 have made lobbying contacts on behalf of the Disclosing Party with respect to the Matter.)

2. The Disclosing Party has not spent and will not expend any federally appropriated funds to pay any person or entity listed in Paragraph A.1. above for his or her lobbying activities or to pay any person or entity to influence or attempt to influence an officer or employee of any agency, as defined by applicable federal law, a member of Congress, an officer or employee of Congress, or an employee of a member of Congress, in connection with the award of any federally funded contract, making any federally funded grant or loan, entering into any cooperative agreement, or to extend, continue, renew, amend, or modify any federally funded contract, grant, loan, or cooperative agreement.

Attachment "D"

SLAVERY ERA BUSINESS SUMMARY

After years of research, Wells Fargo has found no records that indicate it – or any entities it acquired before the Wachovia merger – had ever financed slavery, held slaves as collateral, owned slaves, or profited from slavery.

With the Wachovia merger, Wells Fargo inherited hundreds of Wachovia's predecessor financial institutions, including two that had extensive involvement in slavery. In 2005 Wachovia announced these findings and apologized for the role its predecessors played and renewed its commitment to preserve and promote the history of the African-American experience in our nation. Wells Fargo shares that commitment and affirms its long-standing opposition to slavery.

The following narrative summarizes the results of the research that has been performed regarding Wachovia Bank and its ties to slavery.

SUMMARY OF RESEARCH

External research has revealed that two predecessor institutions of the undersigned, the Georgia Railroad & Banking Company and the Bank of Charleston, owned slaves.

Due to incomplete records, the undersigned cannot determine exactly how many slaves either the Georgia Railroad and Banking Company or the Bank of Charleston owned. Through specific transactional records, researchers determined that the Georgia Railroad and Banking Company owned at least 162 slaves, and the Bank of Charleston accepted at least 529 slaves as collateral on mortgaged properties or loans, and acquired an undetermined number of these individuals when customers defaulted on their loans.

The Georgia Railroad and Banking Company was founded in 1833 to complete a railroad line between the City of Augusta and the interior of the state of Georgia. The company relied on slave labor for the construction and maintenance of this railway. According to the existing and searchable bank records, 162 slaves were owned or authorized to be purchased by the Georgia Railroad and Banking Company between 1836 and 1842. In addition, the company awarded work to contractors who purchased at least 400 slaves to perform work on the railways.

The Bank of Charleston, founded in 1834, issued loans and mortgages where enslaved individuals were used as collateral. A review of the bank's account ledgers revealed a minimum of 24 transactions involving reference to 529 enslaved individuals being used as collateral. In most cases, the loan was paid on schedule, and the bank never took possession of slaves that were pledged as collateral on the loan. In several documented instances, however, customers defaulted on their loans and the Bank of Charleston took actual possession of slaves. The total number of slaves of whom the bank took possession cannot be accurately tallied due to the lack of records.

In addition, ten predecessor companies were determined to have profited more indirectly from slavery through the following means:

- Founders, directors, or account holders who owned slaves and/or profited directly from slavery;
- Investing in or transacting business with companies or individuals that owned slaves;
- Investing in the bonds of slave states and municipalities;
- Investing in U.S. government bonds during years when the United States permitted and profited from slave labor directly through taxation.

These institutions are:

- Bank of North America (Philadelphia, Pa.)
- Bank of Baltimore
- The Philadelphia Bank (later Philadelphia National Bank)
- Farmers' & Mechanics' Bank of Philadelphia
- Pennsylvania Company for Insurances on Lives and the Granting of Annuities
- State Bank of Elizabeth (Elizabeth, N.J.)
- State Bank of Newark (Newark, N.J.)
- Savings Bank of Baltimore
- Girard National Bank
- The Carswell Group (established in 1868, acquired by Palmer & Cay, Inc. in 1985)
- The Trenton Banking Company

3. The Disclosing Party will submit an updated certification at the end of each calendar quarter in which there occurs any event that materially affects the accuracy of the statements and information set forth in paragraphs A.1. and A.2. above.

4. The Disclosing Party certifies that either: (i) it is not an organization described in section 501(c)(4) of the Internal Revenue Code of 1986; or (ii) it is an organization described in section 501(c)(4) of the Internal Revenue Code of 1986 but has not engaged and will not engage in "Lobbying Activities".

5. If the Disclosing Party is the Applicant, the Disclosing Party must obtain certifications equal in form and substance to paragraphs A.1. through A.4. above from all subcontractors before it awards any subcontract and the Disclosing Party must maintain all such subcontractors' certifications for the duration of the Matter and must make such certifications promptly available to the City upon request.

B. CERTIFICATION REGARDING EQUAL EMPLOYMENT OPPORTUNITY

If the Matter is federally funded, federal regulations require the Applicant and all proposed subcontractors to submit the following information with their bids or in writing at the outset of negotiations.

Is the Disclosing Party the Applicant?

[ ] Yes [X] No

If "Yes," answer the three questions below:

1. Have you developed and do you have on file affirmative action programs pursuant to applicable federal regulations? (See 41 CFR Part 60-2.)
[ ] Yes [ ] No

2. Have you filed with the Joint Reporting Committee, the Director of the Office of Federal Contract Compliance Programs, or the Equal Employment Opportunity Commission all reports due under the applicable filing requirements?
[ ] Yes [ ] No

3. Have you participated in any previous contracts or subcontracts subject to the equal opportunity clause?
[ ] Yes [ ] No

If you checked "No" to question 1. or 2. above, please provide an explanation:

_____

_____

SECTION VII -- ACKNOWLEDGMENTS, CONTRACT INCORPORATION, COMPLIANCE, PENALTIES, DISCLOSURE

The Disclosing Party understands and agrees that:

A. The certifications, disclosures, and acknowledgments contained in this EDS will become part of any contract or other agreement between the Applicant and the City in connection with the Matter, whether procurement, City assistance, or other City action, and are material inducements to the City's execution of any contract or taking other action with respect to the Matter. The Disclosing Party understands that it must comply with all statutes, ordinances, and regulations on which this EDS is based.

B. The City's Governmental Ethics and Campaign Financing Ordinances, Chapters 2-156 and 2-164 of the Municipal Code, impose certain duties and obligations on persons or entities seeking City contracts, work, business, or transactions. The full text of these ordinances and a training program is available on line at www.cityofchicago.org/Ethics, and may also be obtained from the City's Board of Ethics, 740 N.

Sedgwick St., Suite 500, Chicago, IL 60610, (312) 744-9660. The Disclosing Party must comply fully with the applicable ordinances.

C. If the City determines that any information provided in this EDS is false, incomplete or inaccurate, any contract or other agreement in connection with which it is submitted may be rescinded or be void or voidable, and the City may pursue any remedies under the contract or agreement (if not rescinded or void), at law, or in equity, including terminating the Disclosing Party's participation in the Matter and/or declining to allow the Disclosing Party to participate in other transactions with the City. Remedies at law for a false statement of material fact may include incarceration and an award to the City of treble damages.

D. It is the City's policy to make this document available to the public on its Internet site and/or upon request. Some or all of the information provided on this EDS and any attachments to this EDS may be made available to the public on the Internet, in response to a Freedom of Information Act request, or otherwise. By completing and signing this EDS, the Disclosing Party waives and releases any possible rights or claims which it may have against the City in connection with the public release of information contained in this EDS and also authorizes the City to verify the accuracy of any information submitted in this EDS.

E. The information provided in this EDS must be kept current. In the event of changes, the Disclosing Party must supplement this EDS up to the time the City takes action on the Matter. If the Matter is a contract being handled by the City's Department of Procurement Services, the Disclosing Party must update this EDS as the contract requires. **NOTE:** With respect to Matters subject to Article I of Chapter 1-23 of the Municipal Code (imposing **PERMANENT INELIGIBILITY** for certain specified offenses), the information provided herein regarding eligibility must be kept current for a longer period, as required by Chapter 1-23 and Section 2-154-020 of the Municipal Code.

The Disclosing Party represents and warrants that:

F.1. The Disclosing Party is not delinquent in the payment of any tax administered by the Illinois Department of Revenue, nor are the Disclosing Party or its Affiliated Entities delinquent in paying any fine, fee, tax or other charge owed to the City. This includes, but is not limited to, all water charges, sewer charges, license fees, parking tickets, property taxes or sales taxes.

F.2 If the Disclosing Party is the Applicant, the Disclosing Party and its Affiliated Entities will not use, nor permit their subcontractors to use, any facility listed by the U.S. E.P.A. on the federal Excluded Parties List System ("EPLS") maintained by the U. S. General Services Administration.

F.3 If the Disclosing Party is the Applicant, the Disclosing Party will obtain from any contractors/subcontractors hired or to be hired in connection with the Matter certifications equal in form and substance to those in F.1. and F.2. above and will not, without the prior written consent of the City, use any such contractor/subcontractor that does not provide such certifications or that the Disclosing Party has reason to believe has not provided or cannot provide truthful certifications.

NOTE: If the Disclosing Party cannot certify as to any of the items in F.1., F.2. or F.3. above, an explanatory statement must be attached to this EDS.

CERTIFICATION

Under penalty of perjury, the person signing below: (1) warrants that he/she is authorized to execute this EDS and Appendix A (if applicable) on behalf of the Disclosing Party, and (2) warrants that all certifications and statements contained in this EDS and Appendix A (if applicable) are true, accurate and complete as of the date furnished to the City.

WFC Holdings Corporation
(Print or type name of Disclosing Party)

By: _____
(Sign here)

Jon R. Campbell
(Print or type name of person signing)

Executive Vice President
(Print or type title of person signing)

Signed and sworn to before me on (date) June 19, 2014,
at Hennepin County, Minnesota (state).

Patricia A. Ruedenberg Notary Public.

Commission expires: 1/31/2015.

PATRICIA A. RUEDENBERG
NOTARY PUBLIC - MINNESOTA
MY COMMISSION EXPIRES 01/31/15

CITY OF CHICAGO
ECONOMIC DISCLOSURE STATEMENT AND AFFIDAVIT
APPENDIX A

FAMILIAL RELATIONSHIPS WITH ELECTED CITY OFFICIALS AND DEPARTMENT HEADS

This Appendix is to be completed only by (a) the Applicant, and (b) any legal entity which has a direct ownership interest in the Applicant exceeding 7.5 percent. It is not to be completed by any legal entity which has only an indirect ownership interest in the Applicant.

Under Municipal Code Section 2-154-015, the Disclosing Party must disclose whether such Disclosing Party or any "Applicable Party" or any Spouse or Domestic Partner thereof currently has a "familial relationship" with any elected city official or department head. A "familial relationship" exists if, as of the date this EDS is signed, the Disclosing Party or any "Applicable Party" or any Spouse or Domestic Partner thereof is related to the mayor, any alderman, the city clerk, the city treasurer or any city department head as spouse or domestic partner or as any of the following, whether by blood or adoption: parent, child, brother or sister, aunt or uncle, niece or nephew, grandparent, grandchild, father-in-law, mother-in-law, son-in-law, daughter-in-law, stepfather or stepmother, stepson or stepdaughter, stepbrother or stepsister or half-brother or half-sister.

"Applicable Party" means (1) all executive officers of the Disclosing Party listed in Section II.B.1.a., if the Disclosing Party is a corporation; all partners of the Disclosing Party, if the Disclosing Party is a general partnership; all general partners and limited partners of the Disclosing Party, if the Disclosing Party is a limited partnership; all managers, managing members and members of the Disclosing Party, if the Disclosing Party is a limited liability company; (2) all principal officers of the Disclosing Party; and (3) any person having more than a 7.5 percent ownership interest in the Disclosing Party. "Principal officers" means the president, chief operating officer, executive director, chief financial officer, treasurer or secretary of a legal entity or any person exercising similar authority.

Does the Disclosing Party or any "Applicable Party" or any Spouse or Domestic Partner thereof currently have a "familial relationship" with an elected city official or department head?

[ ] Yes [✓] No

If yes, please identify below (1) the name and title of such person, (2) the name of the legal entity to which such person is connected; (3) the name and title of the elected city official or department head to whom such person has a familial relationship, and (4) the precise nature of such familial relationship.

Familial Attachment

Attachment to City of Chicago
Economic Disclosure Statement and Affidavit
Appendix A

Familial Relationships with Elected City Officials and Department Heads

To the best of the Disclosing Party's knowledge, after due inquiry, the Disclosing Party has no familial relationships as referenced in this Appendix A. Please note, that the Disclosing Party has limited its inquiry to the Persons identified in Section II.B.1 of the EDS.

(DO NOT SUBMIT THIS PAGE WITH YOUR EDS. The purpose of this page is for you to recertify your EDS prior to submission to City Council or on the date of closing. If unable to recertify truthfully, the Disclosing Party must complete a new EDS with correct or corrected information)

RECERTIFICATION

Generally, for use with City Council matters. Not for City procurements unless requested.

This recertification is being submitted in connection with purchase of 3151 W. Washington from the City [identify the Matter]. Under penalty of perjury, the person signing below: (1) warrants that he/she is authorized to execute this EDS recertification on behalf of the Disclosing Party, (2) warrants that all certifications and statements contained in the Disclosing Party's original EDS are true, accurate and complete as of the date furnished to the City and continue to be true, accurate and complete as of the date of this recertification, and (3) reaffirms its acknowledgments.

WFC Holdings Corporation
(Print or type legal name of Disclosing Party)

Date: 11.14.14

By: _____
(sign here)

Print or type name of signatory:
JON R. CAMPBELL

Title of signatory:
EVP

Signed and sworn to before me on [date] November 14, 2014, by Jon R. Campbell, at Hennepin County, Minnesota [state].

Lori L. Boeckel-Kreidt Notary Public.

Commission expires: 1-31-2020.

Ver. 11-01-05

LORI L. BOECKEL-KREIDT
NOTARY PUBLIC - MINNESOTA
MY COMMISSION EXPIRES 01/31/2020

CITY OF CHICAGO
ECONOMIC DISCLOSURE STATEMENT
AND AFFIDAVIT

SECTION I -- GENERAL INFORMATION

A. Legal name of the Disclosing Party submitting this EDS. Include d/b/a/ if applicable:

WELLS FARGO & COMPANY

Check ONE of the following three boxes:

Indicate whether the Disclosing Party submitting this EDS is:

1. [ ] the Applicant
   OR
2. [✓] a legal entity holding a direct or indirect interest in the Applicant. State the legal name of the Applicant in which the Disclosing Party holds an interest: Wells Fargo Bank, National Association
   OR
3. [ ] a legal entity with a right of control (see Section II.B.1.) State the legal name of the entity in which the Disclosing Party holds a right of control: _____

B. Business address of the Disclosing Party: 420 Montgomery Street
San Francisco, CA 94163

C. Telephone: 312-443-1775 Fax: 312-896-6798 Email: cnogar@lockelord.com

D. Name of contact person: Courtney Nogar

E. Federal Employer Identification No. (if you have one): _____

F. Brief description of contract, transaction or other undertaking (referred to below as the "Matter") to which this EDS pertains. (Include project number and location of property, if applicable):
Purchase of the vacat lot located at 3153 Washington

G. Which City agency or department is requesting this EDS? Department of Planning and Development

If the Matter is a contract being handled by the City's Department of Procurement Services, please complete the following:

Specification # _____ and Contract # _____

SECTION II -- DISCLOSURE OF OWNERSHIP INTERESTS

A. NATURE OF THE DISCLOSING PARTY

1. Indicate the nature of the Disclosing Party:

[ ] Person
[☑] Publicly registered business corporation
[ ] Privately held business corporation
[ ] Sole proprietorship
[ ] General partnership
[ ] Limited partnership
[ ] Trust
[ ] Limited liability company
[ ] Limited liability partnership
[ ] Joint venture
[ ] Not-for-profit corporation
(Is the not-for-profit corporation also a 501(c)(3))?
[ ] Yes [ ] No
[ ] Other (please specify)

2. For legal entities, the state (or foreign country) of incorporation or organization, if applicable:

Delaware

3. For legal entities not organized in the State of Illinois: Has the organization registered to do business in the State of Illinois as a foreign entity?

[ ] Yes [☑] No [ ] N/A

B. IF THE DISCLOSING PARTY IS A LEGAL ENTITY:

1. List below the full names and titles of all executive officers and all directors of the entity. **NOTE:** For not-for-profit corporations, also list below all members, if any, which are legal entities. If there are no such members, write "no members." For trusts, estates or other similar entities, list below the legal titleholder(s).

If the entity is a general partnership, limited partnership, limited liability company, limited liability partnership or joint venture, list below the name and title of each general partner, managing member, manager or any other person or entity that controls the day-to-day management of the Disclosing Party. **NOTE:** Each legal entity listed below must submit an EDS on its own behalf.

Name	Title
SEE ATTACHMENT "A"	

2. Please provide the following information concerning each person or entity having a direct or indirect beneficial interest (including ownership) in excess of 7.5% of the Disclosing Party. Examples of such an interest include shares in a corporation, partnership interest in a partnership or joint venture,

WELLS FARGO & COMPANY
Effective 5/15/2014

EXECUTIVE OFFICERS

John G. Stumpf	Chairman, President and Chief Executive Officer
Patricia R. Callahan	Senior Executive Vice President and Chief Administrative Officer
David M. Carroll	Senior Executive Vice President (Wealth, Brokerage & Retirement)
Hope A. Hardison	Executive Vice President (Human Resources)
Michael J. Heid	Executive Vice President (Home Lending)
Richard D. Levy	Executive Vice President and Controller (Principal Accounting Officer)
Michael J. Loughlin	Senior Executive Vice President and Chief Risk Officer
Avid Modjtabai	Senior Executive Vice President (Consumer Lending)
Kevin A. Rhein	Senior Executive Vice President and Chief Information Officer
Timothy J. Sloan	Senior Executive Vice President (Wholesale Banking)
John R. Shrewsberry	Senior Executive Vice President and Chief Financial Officer
James M. Strother	Senior Executive Vice President and General Counsel
Carrie L. Tolstedt	Senior Executive Vice President (Community Banking)

DIRECTORS

John D. Baker II
Elaine L. Chao
John S. Chen
Lloyd H. Dean
Susan E. Engel
Enrique Hernandez, Jr.
Donald M. James
Cynthia H. Milligan
Federico F. Peña
James H. Quigley
Judith M. Runstad
Stephen W. Sanger
John G. Stumpf
Susan G. Swenson

interest of a member or manager in a limited liability company, or interest of a beneficiary of a trust, estate or other similar entity. If none, state "None." **NOTE**: Pursuant to Section 2-154-030 of the Municipal Code of Chicago ("Municipal Code"), the City may require any such additional information from any applicant which is reasonably intended to achieve full disclosure.

Name	Business Address	Percentage Interest in the Disclosing Party
See Attachment "B"		

SECTION III -- BUSINESS RELATIONSHIPS WITH CITY ELECTED OFFICIALS

Has the Disclosing Party had a "business relationship," as defined in Chapter 2-156 of the Municipal Code, with any City elected official in the 12 months before the date this EDS is signed?

[ ] Yes [✓] No

If yes, please identify below the name(s) of such City elected official(s) and describe such relationship(s):

SECTION IV -- DISCLOSURE OF SUBCONTRACTORS AND OTHER RETAINED PARTIES

The Disclosing Party must disclose the name and business address of each subcontractor, attorney, lobbyist, accountant, consultant and any other person or entity whom the Disclosing Party has retained or expects to retain in connection with the Matter, as well as the nature of the relationship, and the total amount of the fees paid or estimated to be paid. The Disclosing Party is not required to disclose employees who are paid solely through the Disclosing Party's regular payroll.

"Lobbyist" means any person or entity who undertakes to influence any legislative or administrative action on behalf of any person or entity other than: (1) a not-for-profit entity, on an unpaid basis, or (2) himself. "Lobbyist" also means any person or entity any part of whose duties as an employee of another includes undertaking to influence any legislative or administrative action.

If the Disclosing Party is uncertain whether a disclosure is required under this Section, the Disclosing Party must either ask the City whether disclosure is required or make the disclosure.

Attachment "B"

Section II – Disclosure of Ownership Interests

Based on the amended Schedule 13G filed on February 14, 2014 with the SEC by Berkshire Hathaway Inc., Warren Buffett, Berkshire Hathaway, Inc. and certain entities controlled by or under common control with Berkshire Hathaway (the "Reporting Persons"), held as of 12/31/2013, approximately 9.2% of outstanding publicly traded common stock of Wells Fargo & Company ("Wells Fargo"). On information and belief, and in reliance on the statements made by the Reporting Persons in such Schedule 13G, the reported holdings represented shares of Wells Fargo's common stock acquired by these Reporting Persons as passive investors in market transactions, without any intent to acquire control of Wells Fargo. Neither Warren Buffett, nor any representatives of any of the Reporting Persons named in the Schedule 13G currently serves as a director of Wells Fargo. Wells Fargo & Company does not know if the Reporting Persons currently hold more that 7.5% of its outstanding common stock. In any event, Wells Fargo has no authority or ability to require the Reporting Persons to file, and the Reporting Persons are under no obligation to assist or cooperate with Wells Fargo in filing an EDS.

Berkshire Hathaway, Inc. is a public company and attached hereto as Attachment E is a copy of its most recent 10-K, which Wells Fargo has obtained from http://www.sec.gov.

Section III – Business Relationships with City Elected Officials

The undersigned warrants, to the best of his knowledge after due inquiry, that the Disclosing Party has had no business relationship with any City elected official in 12 months before the date the undersigned has signed this EDS.

Note that in the ordinary course of its business, Wells Fargo Bank, N.A. makes loans of various types with individuals and businesses. We have determined that these loans do not constitute a "business relationship" as defined in Chapter 2-156 of the Municipal Code.

Note further that the Disclosing Party has no way of identifying spouses or domestic partners of any City elected official, or the identities of any entities in which any city elected official or his or her spouse or domestic partner has a financial interest, and thus limits its certification to "City elected officials" as specially required by Section III. Specifically, we made due inquiry with respect to the City's Aldermen, the Mayor, the Treasurer and the City Clerk.

Name (indicate whether retained or anticipated to be retained)	Business Address	Relationship to Disclosing Party (subcontractor, attorney, lobbyist, etc.)	Fees (indicate whether paid or estimated.) **NOTE:** "hourly rate" or "t.b.d." is not an acceptable response.

(Add sheets if necessary)

[✓] Check here if the Disclosing Party has not retained, nor expects to retain, any such persons or entities.

SECTION V -- CERTIFICATIONS

A. COURT-ORDERED CHILD SUPPORT COMPLIANCE

Under Municipal Code Section 2-92-415, substantial owners of business entities that contract with the City must remain in compliance with their child support obligations throughout the contract's term.

Has any person who directly or indirectly owns 10% or more of the Disclosing Party been declared in arrearage on any child support obligations by any Illinois court of competent jurisdiction?

[ ] Yes [✓] No [ ] No person directly or indirectly owns 10% or more of the Disclosing Party.

If "Yes," has the person entered into a court-approved agreement for payment of all support owed and is the person in compliance with that agreement?

[ ] Yes [ ] No

B. FURTHER CERTIFICATIONS

1. Pursuant to Municipal Code Chapter 1-23, Article I ("Article I")(which the Applicant should consult for defined terms (e.g., "doing business") and legal requirements), if the Disclosing Party submitting this EDS is the Applicant and is doing business with the City, then the Disclosing Party certifies as follows: (i) neither the Applicant nor any controlling person is currently indicted or charged with, or has admitted guilt of, or has ever been convicted of, or placed under supervision for, any criminal offense involving actual, attempted, or conspiracy to commit bribery, theft, fraud, forgery, perjury, dishonesty or deceit against an officer or employee of the City or any sister agency; and (ii) the Applicant understands and acknowledges that compliance with Article I is a continuing requirement for doing business with the City. NOTE: If Article I applies to the Applicant, the permanent compliance timeframe in Article I supersedes some five-year compliance timeframes in certifications 2 and 3 below.

2. The Disclosing Party and, if the Disclosing Party is a legal entity, all of those persons or entities identified in Section II.B.1. of this EDS:

a. are not presently debarred, suspended, proposed for debarment, declared ineligible or voluntarily excluded from any transactions by any federal, state or local unit of government;

b. have not, within a five-year period preceding the date of this EDS, been convicted of a criminal offense, adjudged guilty, or had a civil judgment rendered against them in connection with: obtaining, attempting to obtain, or performing a public (federal, state or local) transaction or contract under a public transaction; a violation of federal or state antitrust statutes; fraud; embezzlement; theft; forgery; bribery; falsification or destruction of records; making false statements; or receiving stolen property;

c. are not presently indicted for, or criminally or civilly charged by, a governmental entity (federal, state or local) with committing any of the offenses set forth in clause B.2.b. of this Section V;

d. have not, within a five-year period preceding the date of this EDS, had one or more public transactions (federal, state or local) terminated for cause or default; and

e. have not, within a five-year period preceding the date of this EDS, been convicted, adjudged guilty, or found liable in a civil proceeding, or in any criminal or civil action, including actions concerning environmental violations, instituted by the City or by the federal government, any state, or any other unit of local government.

3. The certifications in subparts 3, 4 and 5 concern:

• the Disclosing Party;
• any "Contractor" (meaning any contractor or subcontractor used by the Disclosing Party in connection with the Matter, including but not limited to all persons or legal entities disclosed under Section IV, "Disclosure of Subcontractors and Other Retained Parties");
• any "Affiliated Entity" (meaning a person or entity that, directly or indirectly: controls the Disclosing Party, is controlled by the Disclosing Party, or is, with the Disclosing Party, under common control of another person or entity. Indicia of control include, without limitation: interlocking management or ownership; identity of interests among family members, shared facilities and equipment; common use of employees; or organization of a business entity following the ineligibility of a business entity to do business with federal or state or local government, including the City, using substantially the same management, ownership, or principals as the ineligible entity); with respect to Contractors, the term Affiliated Entity means a person or entity that directly or indirectly controls the Contractor, is controlled by it, or, with the Contractor, is under common control of another person or entity;
• any responsible official of the Disclosing Party, any Contractor or any Affiliated Entity or any other official, agent or employee of the Disclosing Party, any Contractor or any Affiliated Entity, acting pursuant to the direction or authorization of a responsible official of the Disclosing Party, any Contractor or any Affiliated Entity (collectively "Agents").

Neither the Disclosing Party, nor any Contractor, nor any Affiliated Entity of either the Disclosing Party or any Contractor nor any Agents have, during the five years before the date this EDS is signed, or, with respect to a Contractor, an Affiliated Entity, or an Affiliated Entity of a Contractor during the five years before the date of such Contractor's or Affiliated Entity's contract or engagement in connection with the Matter:

a. bribed or attempted to bribe, or been convicted or adjudged guilty of bribery or attempting to bribe, a public officer or employee of the City, the State of Illinois, or any agency of the federal government or of any state or local government in the United States of America, in that officer's or employee's official capacity;

b. agreed or colluded with other bidders or prospective bidders, or been a party to any such agreement, or been convicted or adjudged guilty of agreement or collusion among bidders or prospective bidders, in restraint of freedom of competition by agreement to bid a fixed price or otherwise; or

c. made an admission of such conduct described in a. or b. above that is a matter of record, but have not been prosecuted for such conduct; or

d. violated the provisions of Municipal Code Section 2-92-610 (Living Wage Ordinance).

4. Neither the Disclosing Party, Affiliated Entity or Contractor, or any of their employees, officials, agents or partners, is barred from contracting with any unit of state or local government as a result of engaging in or being convicted of (1) bid-rigging in violation of 720 ILCS 5/33E-3; (2) bid-rotating in violation of 720 ILCS 5/33E-4; or (3) any similar offense of any state or of the United States of America that contains the same elements as the offense of bid-rigging or bid-rotating.

5. Neither the Disclosing Party nor any Affiliated Entity is listed on any of the following lists maintained by the Office of Foreign Assets Control of the U.S. Department of the Treasury or the Bureau of Industry and Security of the U.S. Department of Commerce or their successors: the Specially Designated Nationals List, the Denied Persons List, the Unverified List, the Entity List and the Debarred List.

6. The Disclosing Party understands and shall comply with the applicable requirements of Chapters 2-55 (Legislative Inspector General), 2-56 (Inspector General) and 2-156 (Governmental Ethics) of the Municipal Code.

7. If the Disclosing Party is unable to certify to any of the above statements in this Part B (Further Certifications), the Disclosing Party must explain below:

SEE ATTACHMENT "C"

ATTACHMENT "C"

ATTACHMENT TO SECTION V, PART B-CERTAIN OFFENSES INVOLVING CCC AND SISTER AGENCIES AND SECTION V, PART C-FURTHER CERTIFICATIONS

The Disclosing Party certifies the accuracy of the certifications contained in Section V, paragraph B (1-3) and C (1-5) only as to itself, and certifies that to the best of the Disclosing Party's knowledge after due inquiry: (i) the statements in paragraphs B (1-3) and C (1-5) are accurate with respect to the executive officers and directors of the Disclosing Party identified in Section II.B.1.a of the EDS and (ii) the statements in paragraphs C (3-5) are accurate with respect to any "Contractors" of the Disclosing Party identified in Section IV of the EDS.

Notwithstanding the forgoing, in the ordinary course of its business, Wells Fargo receives various complaints and lawsuits which contain an assortment of allegations, some of which may result in judgments against Wells Fargo. Like all major institutions, Wells Fargo is subject to various litigations and proceedings pursuant to which judgments, injunctions or liens may be issued. Wells Fargo responds regularly to inquiries and investigations by governmental entities and, as a highly regulated diversified financial institution has in the past entered into settlements of some of those investigations, including the one specified below. Wells Fargo Bank, N.A. has paid municipal fines in connection with a small number of houses for alleged violations of local housing ordinances, some of which are characterized as misdemeanors. However, there have been no judgments, injunctions or liens arising out of such litigations or proceedings in the last five years that would materially impair Wells Fargo's ability as of this date to conduct its business or meet its obligations under the transaction to which this EDS relates. Also in the ordinary course of its business, Wells Fargo regularly enters into financial transactions of various types with public entities throughout the United States. It is possible that one or more public entities have terminated a transaction for cause or default.

For a description of certain legal proceedings, please see the Wells Fargo's SEC filings, https://www.wellsfargo.com/invest_relations/filings, a summary of which are on file with the City. The City also has on file the Wells Fargo press release dated December 8, 2011 regarding the municipal derivatives bid practices settlement with the Office of the Comptroller of the Currency, Securities and Exchange Commission, the U.S. Internal Revenue Service, U.S. Department of Justice and a group of state Attorneys General. On February 9, 2012, Wells Fargo & Company issued a press release regarding an agreement with the federal government and state attorneys general concerning mortgage servicing, foreclosure and origination issues, and filed an SEC Form 8-K in accordance therewith. Material updates to Wells Fargo's SEC filings will be provided in connection with future EDS filings.

WELLS FARGO & COMPANY SEC FILINGS (**Attachment "C"**)

Legal Proceedings Section from 10-K filed 2/28/08 (Wachovia)

Wachovia and certain of our subsidiaries are involved in a number of judicial, regulatory and arbitration proceedings concerning matters arising from the conduct of our business activities. These proceedings include actions brought against Wachovia and/or its subsidiaries with respect to transactions in which Wachovia and/or our subsidiaries acted as banker, lender, underwriter, financial advisor or broker or in activities related thereto. In addition, Wachovia and its subsidiaries may be requested to provide information or otherwise cooperate with governmental authorities in the conduct of investigations of other persons or industry groups. It is Wachovia's policy to cooperate in all regulatory inquiries and investigations.

Although there can be no assurance as to the ultimate outcome, Wachovia and/or our subsidiaries have generally denied, or believe we have a meritorious defense and will deny, liability in all significant litigation pending against us, including the matters described below, and we intend to defend vigorously each such case. Reserves are established for legal claims when payments associated with the claims become probable and the costs can be reasonably estimated. The actual costs of resolving legal claims may be substantially higher or lower than the amounts reserved for those claims.

In the Matter of KPMG LLP Certain Auditor Independence Issues. The SEC has requested Wachovia to produce certain information concerning any agreements or understandings by which Wachovia referred clients to KPMG LLP during the period January 1, 1997 to November 2003 in connection with an inquiry regarding the independence of KPMG LLP as Wachovia's outside auditors during such period. Wachovia is continuing to cooperate with the SEC in its inquiry, which is being conducted pursuant to a formal order of investigation entered by the SEC on October 21, 2003. Wachovia believes the SEC's inquiry relates to certain tax services offered to Wachovia customers by KPMG LLP during the period from 1997 to early 2002, and whether these activities might have caused KPMG LLP not to be "independent" from Wachovia, as defined by applicable accounting and SEC regulations requiring auditors of an SEC-reporting company to be independent of the company. Wachovia and/or KPMG LLP received fees in connection with a small number of personal financial consulting transactions related to these services. KPMG LLP has confirmed to Wachovia that during all periods covered by the SEC's inquiry, including the present, KPMG LLP was and is "independent" from Wachovia under applicable accounting and SEC regulations.

Financial Advisor Wage/Hour Class Action Litigation. Wachovia Securities, LLC, Wachovia's retail securities brokerage subsidiary, is a defendant in multiple state and nationwide putative class actions alleging unpaid overtime wages and improper wage deductions for financial advisors. In December 2006 and January 2007, related cases pending in U.S. District courts in several states were consolidated for case administrative purposes in the U.S. District Court for the Central District of California pursuant to two orders of the Multi-District Litigation Panel. There is an additional case alleging a statewide class under California law, which is currently pending in Superior Court in Los Angeles County, California. Wachovia believes that it has meritorious defenses to the claims asserted in these lawsuits, which are part of an industry trend of related wage/hour class action litigation, and intends to defend vigorously the cases.

Adelphia Litigation. Certain Wachovia affiliates are defendants in an adversary proceeding previously pending in the United States Bankruptcy Court for the Southern District of New York related to the bankruptcy of Adelphia Communications Corporation ("Adelphia"). In February 2006, an order was entered moving the case to the United States District Court for the Southern District of New York. The Official Committee of Unsecured Creditors in Adelphia's bankruptcy case has filed claims on behalf of Adelphia against over 300 financial services companies, including the Wachovia affiliates. The complaint asserts claims against the defendants under state law, bankruptcy law and the Bank Holding Company Act and seeks equitable relief and an unspecified amount of compensatory and punitive damages. The Official Committee of Equity Security Holders has sought leave to intervene in that complaint and sought leave to bring additional claims against certain of the financial services companies, including the Wachovia affiliates, including additional federal and state claims. On August 30, 2005, the bankruptcy court granted the creditors' committee and the equity holders' committee standing to proceed with their claims. On June 11, 2007, the court granted in part and denied in part the motions to dismiss filed by Wachovia and other defendants. On July 11, 2007, Wachovia and other defendants requested leave to appeal the partial denial of the motions to dismiss. On January 17, 2008, the district court affirmed the decision of the bankruptcy court on the motion to dismiss with the exception that it dismissed one additional claim.

In addition, certain affiliates of Wachovia, together with numerous other financial services companies, have been named in several private civil actions by investors in Adelphia debt and/or equity securities, alleging among other claims, misstatements in connection with Adelphia securities offerings between 1997 and 2001. Wachovia affiliates acted as an underwriter in certain of those securities offerings, as agent and/or lender for certain Adelphia credit facilities, and as a provider of Adelphia's treasury/cash management services. These complaints, which seek unspecified damages, have been consolidated in the United States District Court for the Southern District of New York. In separate orders entered in May and July 2005, the District Court dismissed a number of the securities law claims asserted against Wachovia, leaving some securities law claims pending. Wachovia still has a pending motion to dismiss with respect to these claims. On June 15, 2006, the District Court signed the preliminary order with respect to a proposed settlement of the securities class action pending against Wachovia and the other financial services companies. At a fairness hearing on the settlement on November 10, 2006, the District Court approved the settlement. Wachovia's share of the settlement, $1.173 million, was paid in November 2006. The other private civil actions have not been settled.

Le-Nature's, Inc. Wachovia Bank, N.A. is the administrative agent on a $285 million credit facility extended to Le-Nature's, Inc. in September 2006, of which approximately $270 million was syndicated to other lenders by Wachovia Capital Markets, LLC as Lead Arranger and Sole Bookrunner. Le-Nature's was the subject of a Chapter 7 bankruptcy petition which was converted to a Chapter 11 bankruptcy petition in November 2006 in U.S. Bankruptcy Court in Pittsburgh, Pennsylvania following a report by a court-appointed custodian in a proceeding in Delaware that revealed fraud and significant accounting irregularities on the part of Le-Nature's management, including maintenance of a dual set of financial records. On March 14, 2007, Wachovia filed an action against several hedge funds in Superior Court for the State of North Carolina entitled *Wachovia Bank, National Association and Wachovia Capital Markets LLC v. Harbinger Capital Partners Master Fund I, Ltd. et al.*, alleging that the hedge fund defendants had acquired a significant quantity of the outstanding debt with full knowledge of the Le Nature's fraud and with the intention of pursuing alleged fraud and other tort claims against Wachovia purportedly related to its role in the Le-Nature's credit facility. The assertion of such claims would constitute a violation of North Carolina's legal and public policy prohibitions on champerty and maintenance. A preliminary injunction has been entered by the Court that, among other things, prohibits defendants from asserting any such claims in any other forum, but allowing these defendants to bring any claims they believe they possess against Wachovia as compulsory counterclaims in the North Carolina action. On September 18, 2007, these defendants filed an action in the U.S. District Court for the Southern District of New York against Wachovia Capital Markets LLC, a third party and two members of Le-Nature's management asserting claims arising under federal RICO laws. Three original purchasers of the debt also joined the action and asserted various tort claims, including fraud. Wachovia has filed a motion in the North Carolina court seeking to have these defendants held in contempt for violating the preliminary injunction and is seeking dismissal of the New York action. Wachovia, which itself was victimized by the Le-Nature's fraud, will pursue its rights against Le-Nature's and in this litigation vigorously.

Interchange Litigation. Wachovia Bank, N.A. and Wachovia are named as defendants in seven putative class actions filed on behalf of a plaintiff class of merchants with regard to the interchange fees associated with Visa and Mastercard payment card transactions. These actions have been consolidated with more than 40 other actions, which did not name Wachovia as a defendant, in the United Stated District Court for the Eastern District of New York. Visa, Mastercard and several banks and bank holding companies are named as defendants in various of these actions which were consolidated before the Court pursuant to orders of the Judicial Panel on Multidistrict Litigation. The amended and consolidated complaint asserts claims against defendants based on alleged violations of federal and state antitrust laws and seeks damages, as well as injunctive relief. Plaintiff merchants allege that Visa, Mastercard and their member banks unlawfully collude to set interchange fees. Plaintiffs also allege that enforcement of certain Visa and MasterCard rules and alleged tying and bundling of services offered to merchants are anticompetitive. The payment card association defendants and banking defendants are aggressively defending the consolidated action. Wachovia, along with other members of Visa, is a party to Loss and Judgment Sharing Agreements, which provide that Wachovia, along with other member banks of Visa, will share, based on a formula, in any losses in connection with certain litigation specified in the Agreements, including the Interchange Litigation. On November 7, 2007, Visa announced that it had reached a settlement with American Express in connection with certain litigation which is covered by Wachovia's obligations as a Visa member bank and by the Loss Sharing Agreement.

Payment Processing Center. On February 17, 2006, the U.S. Attorney's Office for the Eastern District of Pennsylvania filed a civil fraud complaint against a former Wachovia Bank, N.A. customer, Payment Processing Center ("PPC"). PPC

was a third party payment processor for telemarketing and catalogue companies. On April 12, 2007, a civil class action, *Faloney et al. v. Wachovia,* was filed against Wachovia in the U.S. District Court for the Eastern District of Pennsylvania by a putative class of consumers who made purchases through telemarketer customers of PPC. The suit alleges that between April 1, 2005 and February 21, 2006, Wachovia conspired with PPC to facilitate PPC's purported violation of RICO. The Office of the Comptroller of the Currency is conducting a formal investigation of Wachovia's handling of the PPC account relationship and of five other customers engaged in similar businesses. Wachovia is vigorously defending the civil lawsuit and is cooperating with government officials in the investigations of PPC and Wachovia's handling of the PPC customer relationship.

Municipal Derivatives Bid Practices Investigation. The Department of Justice ("DOJ") and the SEC, beginning in November 2006, have been requesting information from a number of financial institutions, including Wachovia Bank, N.A.'s municipal derivatives group, generally with regard to competitive bid practices in the municipal derivative markets. In connection with these inquiries, Wachovia Bank, N.A. has received subpoenas from both the DOJ and SEC seeking documents and information. The DOJ and the SEC have advised Wachovia Bank, N.A. that they believe certain of its employees engaged in improper conduct in conjunction with certain competitively bid transactions and, in November 2007, the DOJ notified two Wachovia Bank, N.A. employees, both of whom are on administrative leave, that they are regarded as targets of the DOJ's investigation. Wachovia Bank, N.A. has been cooperating and continues to fully cooperate with the government investigations.

Other Regulatory Matters. Governmental and self-regulatory authorities have instituted numerous ongoing investigations of various practices in the securities and mutual fund industries, including those discussed in Wachovia's previous filings with the SEC and those relating to sales practices and record retention. The investigations cover advisory companies to mutual funds, broker-dealers, hedge funds and others. Wachovia has received subpoenas and other requests for documents and testimony relating to the investigations, is endeavoring to comply with those requests, is cooperating with the investigations, and where appropriate, is engaging in discussions to resolve the investigations. Wachovia is continuing its own internal review of policies, practices, procedures and personnel, and is taking remedial action where appropriate.

Outlook. Based on information currently available, advice of counsel, available insurance coverage and established reserves, Wachovia believes that the eventual outcome of the actions against Wachovia and/or its subsidiaries, including the matters described above, will not, individually or in the aggregate, have a material adverse effect on Wachovia's consolidated financial position or results of operations. However, in the event of unexpected future developments, it is possible that the ultimate resolution of those matters, if unfavorable, may be material to Wachovia's results of operations for any particular period.

Legal Proceedings Section from 1st Quarter 2008 10-Q filed 5/12/08 (Wachovia)

Wachovia and certain of our subsidiaries are involved in a number of judicial, regulatory and arbitration proceedings concerning matters arising from the conduct of our business activities. These proceedings include actions brought against Wachovia and/or its subsidiaries with respect to transactions in which Wachovia and/or our subsidiaries acted as banker, lender, underwriter, financial advisor or broker or in activities related thereto. In addition, Wachovia and its subsidiaries may be requested to provide information or otherwise cooperate with governmental authorities in the conduct of investigations of other persons or industry groups. It is Wachovia's policy to cooperate in all regulatory inquiries and investigations.

Although there can be no assurance as to the ultimate outcome, Wachovia and/or our subsidiaries have generally denied, or believe we have a meritorious defense and will deny, liability in all significant litigation pending against us, including the matters described below, and we intend to defend vigorously each such case. Reserves are established for legal claims when payments associated with the claims become probable and the costs can be reasonably estimated. The actual costs of resolving legal claims may be substantially higher or lower than the amounts reserved for those claims.

The following supplements certain matters previously reported in Wachovia's Annual Report on Form 10-K for the year ended December 31, 2007.

Le-Nature's, Inc. Wachovia Bank, N.A. is the administrative agent on a $285 million credit facility extended to Le-Nature's, Inc. in September 2006, of which approximately $270 million was syndicated to other lenders by Wachovia

Capital Markets, LLC as Lead Arranger and Sole Bookrunner. Le-Nature's was the subject of a Chapter 7 bankruptcy petition which was converted to a Chapter 11 bankruptcy petition in November 2006 in U.S. Bankruptcy Court in Pittsburgh, Pennsylvania following a report by a court-appointed custodian in a proceeding in Delaware that revealed fraud and significant accounting irregularities on the part of Le-Nature's management, including maintenance of a dual set of financial records. On March 14, 2007, Wachovia filed an action against several hedge funds in Superior Court for the State of North Carolina entitled *Wachovia Bank, National Association and Wachovia Capital Markets LLC v. Harbinger Capital Partners Master Fund I, Ltd. et al.*, alleging that the hedge fund defendants had acquired a significant quantity of the outstanding debt with full knowledge of the Le Nature's fraud and with the intention of pursuing alleged fraud and other tort claims against Wachovia purportedly related to its role in the Le-Nature's credit facility. The assertion of such claims would constitute a violation of North Carolina's legal and public policy prohibitions on champerty and maintenance. A preliminary injunction was entered by the Court that, among other things, prohibited defendants from asserting any such claims in any other forum. On September 18, 2007, these defendants filed an action in the U.S. District Court for the Southern District of New York against Wachovia Capital Markets LLC, a third party and two members of Le-Nature's management asserting claims arising under federal RICO laws. Three original purchasers of the debt also joined the action and asserted various tort claims, including fraud. On March 13, 2008 the North Carolina judge granted Defendants' motion to stay the North Carolina action and modified the injunction to allow the Defendants to attempt to assert claims in the New York action, which they have now done. Wachovia has appealed this decision to the North Carolina Court of Appeals. Wachovia has filed a motion to dismiss the New York action which remains pending; if that motion is granted, the North Carolina judge has indicated that he will revisit the stay order. On April 4, 2008, Le-Nature's Director of Accounting pled guilty to four felony counts in federal district court in Pittsburgh, including one count of bank fraud for defrauding Wachovia. On April 28, 2008 holders of Le-Nature's Senior Subordinated Notes, an offering which was underwritten by Wachovia in June 2003, sued in state court in California alleging various fraud claims relating to that offering. Wachovia itself was victimized by the Le-Nature's fraud, and will pursue its rights against Le-Nature's and defend its interests vigorously in all litigation.

Payment Processing Center. On February 17, 2006, the U.S. Attorney's Office for the Eastern District of Pennsylvania filed a civil fraud complaint against a former Wachovia Bank, N.A. customer, Payment Processing Center ("PPC"). PPC was a third party payment processor for telemarketing and catalogue companies. On April 12, 2007, a civil class action, *Faloney et al. v. Wachovia,* was filed against Wachovia in the U.S. District Court for the Eastern District of Pennsylvania by a putative class of consumers who made purchases through telemarketer customers of PPC. The suit alleges that between April 1, 2005 and February 21, 2006, Wachovia conspired with PPC to facilitate PPC's purported violation of RICO. On February 15, 2008, a second putative class action, *Harrison v. Wachovia,* was filed in the U.S. District Court for the Eastern District of Pennsylvania by a putative class of consumers who made purchases through telemarketing customers of three other third party payment processors which banked with Wachovia. This suit alleges that Wachovia conspired with these payment processors to facilitate purported violations of RICO. On April 24, 2008, Wachovia and the Office of the Comptroller of the Currency ("OCC") entered into an Agreement to resolve the OCC's investigation into Wachovia's relationship with PPC and three other companies. The Agreement provides, among other things, that (i) Wachovia will provide restitution to consumers, (ii) will create a segregated account in the amount of $125 million to cover the estimated maximum cost of the restitution, (iii) will fund organizations that provide education for consumers over a two year period in the amount of $8.9 million, (iv) will make various changes to its policies and procedures related to customers that use remotely created checks and (v) will appoint a special Compliance Committee to oversee compliance with the Agreement. Wachovia and the OCC also entered into a Consent Order for Payment of a Civil Money Penalty whereby Wachovia, without admitting or denying the allegations contained therein, agreed to payment of a $10 million civil money penalty. Wachovia is cooperating with government officials and is vigorously defending the civil lawsuits.

Municipal Derivatives Bid Practices Investigation. The Department of Justice ("DOJ") and the SEC, beginning in November 2006, have been requesting information from a number of financial institutions, including Wachovia Bank, N.A.'s municipal derivatives group, generally with regard to competitive bid practices in the municipal derivative markets. In connection with these inquiries, Wachovia Bank, N.A. has received subpoenas from both the DOJ and SEC seeking documents and information. The DOJ and the SEC have advised Wachovia Bank, N.A. that they believe certain of its employees engaged in improper conduct in conjunction with certain competitively bid transactions and, in November 2007, the DOJ notified two Wachovia Bank, N.A. employees, both of whom are on administrative leave, that they are regarded as targets of the DOJ's investigation. Wachovia Bank, N.A. has been cooperating and continues to fully cooperate with the government investigations. In addition, Wachovia Bank N.A. and other financial institutions

have been named as defendants in four substantially identical purported class actions filed in different U.S. District Courts. The complaints allege that Wachovia Bank, N.A. and various co-defendant financial institutions engaged in an anti-competitive conspiracy regarding bids for municipal derivatives (including Guaranteed Investment Contracts) sold to issuers of municipal bonds. All the complaints assert claims for violations of Section 1 of the Sherman Act, and one complaint also asserts a claim for unjust enrichment. The defendants have filed motions to consolidate these actions into one proceeding. Wachovia intends to vigorously defend its rights in these actions.

Auction Rate Securities. Since February 2008 the auctions which set the rates for most auction rate securities have failed resulting in a lack of liquidity for these auction rate securities. Wachovia Securities, LLC and affiliated firms have received inquiries and subpoenas from the SEC and several state regulators requesting information concerning the underwriting, sale and subsequent auctions of municipal auction rate securities and auction rate preferred securities. Further review and inquiry is anticipated by the regulatory authorities and Wachovia will cooperate fully. Wachovia and Wachovia Securities, LLC have been named in a civil suit captioned *Judy M. Waldman Trustee v. Wachovia Corporation and Wachovia Securities LLC* filed March 19, 2008 in the United States District Court for the Southern District of New York. The suit seeks class action status for customers who purchased and continue to hold auction rate securities based upon alleged misrepresentations made with respect to the quality, risk and characteristics of auction rate securities. Wachovia intends to vigorously defend the civil litigation.

Other Regulatory Matters and Government Investigations. In the course of its banking and financial services businesses, Wachovia and its affiliates are subject to information requests and investigations by governmental and self-regulatory authorities. These authorities have instituted numerous ongoing investigations of various practices in the banking, securities and mutual fund industries, including those discussed in Wachovia's previous filings with the SEC and those relating to anti-money laundering, sales practices, record retention and other laws and regulations involving our customers and their accounts.

In general, the investigations cover advisory companies to mutual funds, broker-dealers, hedge funds and others and may involve the activities of customers or third parties with respect to accounts maintained by Wachovia or transactions in which Wachovia may be involved. Wachovia has received subpoenas and other requests for documents and testimony relating to the investigations, is endeavoring to comply with those requests, is cooperating with the investigations, and where appropriate, is engaging in discussions to resolve the investigations or take other remedial actions. These investigations include an investigation being conducted by the U.S. Attorney's Office for the Southern District of Florida into, among other matters, Wachovia's correspondent banking relationship with certain non-domestic exchange houses and Bank Secrecy Act and anti-money laundering compliance. In November 2007, Wachovia determined that it would stop providing correspondent banking services to non-domestic exchange houses and licensed foreign remittance companies. Wachovia is producing documents and is cooperating fully with the U.S. Attorney's Office's investigation.

Outlook. Based on information currently available, advice of counsel, available insurance coverage and established reserves, Wachovia believes that the eventual outcome of the actions against Wachovia and/or its subsidiaries, including the matters described above, will not, individually or in the aggregate, have a material adverse effect on Wachovia's consolidated financial position or results of operations. However, in the event of unexpected future developments, it is possible that the ultimate resolution of those matters, if unfavorable, may be material to Wachovia's results of operations for any particular period.

Legal Proceedings Section from 2nd Quarter 2008 10-Q filed 8/11/08 (Wachovia)

Adelphia Litigation. On July 17, 2008, the U.S. District Court for the Southern District of New York issued a ruling dismissing all of the creditors' committee and equity holders' committee bankruptcy-related claims.

Le-Nature's, Inc. The U.S. Bankruptcy Court confirmed Le-Nature's Plan of Reorganization and it became effective on July 28, 2008. Such plan includes the appointment of a liquidation trustee, who could bring claims on behalf of the estate against Wachovia and other third parties.

Municipal Derivatives Bid Practices Investigation. Wachovia Bank, N.A. has been informed that in connection with the bidding of various financial instruments associated with municipal securities, the Staff of the Securities and Exchange Commission is considering recommending that the Commission institute civil and/or administrative proceedings

against Wachovia Bank, N.A. In addition, Wachovia has received subpoenas from various states attorneys general regarding these matters. Wachovia Bank, N.A. is cooperating with the government investigations. Four previously disclosed purported private class actions have been assigned to the Southern District of New York for consolidated pre-trial proceedings. Two additional complaints were recently filed in California state court asserting claims similar to those in the purported class actions, along with claims under California law.

Golden West and Related Litigation. A purported securities class action, *Lipetz v. Wachovia Corporation, et al.*, has been filed in the U.S. District Court for the Southern District of New York by purported Wachovia shareholders alleging violations of Sections 10 and 20 of the Securities Exchange Act of 1934. Among other allegations, plaintiffs allege Wachovia's common stock price was artificially inflated as a result of allegedly misleading disclosures relating to the Golden West Financial Corp. ("Golden West") mortgage portfolio, Wachovia's exposure to other mortgage related products such as collateralized debt obligations ("CDOs"), control issues and auction rate securities.

A purported class action, *Miller, et al. v. Wachovia Corporation, et al.*, has been filed against Wachovia, its board of directors and certain senior officers in the New York Supreme Court for the County of Nassau, since removed by Wachovia to the U.S. District Court for the Eastern District of New York, relating to Wachovia's May 2007 issuance of trust preferred securities. The plaintiffs allege violations of Sections 11, 12 and 15 of the Securities Act of 1933 as a result of allegedly misleading disclosures relating to the Golden West mortgage portfolio. Seven purported class actions have been filed against Wachovia, its board of directors and certain senior officers in the U.S. District Court for the Southern District of New York on behalf of Wachovia employees who held shares of Wachovia common stock in their Wachovia Savings Plan accounts. The plaintiffs allege breach of fiduciary duty under ERISA, among other things, claiming that the defendants should not have permitted Wachovia common stock to remain an investment option in the Savings Plan because alleged misleading disclosures relating to the Golden West mortgage portfolio, exposure to CDOs and other problem loans, and other alleged misstatements made its stock a risky and imprudent investment for employee retirement accounts. In addition, several purported shareholders have submitted notices that they may initiate, and one purported shareholder has filed a complaint, *Estate of Joseph Romain v. Wachovia Corporation, et al.*, in the U.S. District Court for the Southern District of New York initiating, shareholder derivative claims alleging breaches of fiduciary duty against Wachovia's board of directors and various senior officers arising out of various alleged failures of controls relating to its disclosures regarding the Golden West mortgage portfolio, CDOs, and other alleged control issues involving anti-money laundering, bank owned life insurance, auction rate securities, municipal derivatives bid practices and the previously disclosed settlement with the OCC in the *Payment Processing Center* matter. These matters are in a preliminary stage. Wachovia intends to defend vigorously each such case.

Auction Rate Securities. Wachovia is engaged in active settlement discussions with various state regulators and the SEC of ongoing investigations concerning the underwriting, sale and subsequent auctions of certain auction rate securities by Wachovia Securities, LLC, and Wachovia Capital Markets, LLC, including the likelihood of liquidity solutions. See also "Management's Discussion & Analysis" in the Financial Supplement contained in Exhibit (19) to this Report.

Outlook. Based on information currently available, advice of counsel, available insurance coverage and established reserves, Wachovia believes that the eventual outcome of the actions against Wachovia and/or its subsidiaries, including the matters described above, will not, individually or in the aggregate, have a material adverse effect on Wachovia's consolidated financial position or results of operations. However, in the event of unexpected future developments, it is possible that the ultimate resolution of those matters, if unfavorable, may be material to Wachovia's results of operations for any particular period.

8-K August 15, 2008 (Wachovia)

Terms of the agreement in principle include the following:

- Wachovia will offer to purchase at par ARS held by all individuals, charities and religious organizations, as well as ARS held by small and medium-sized businesses with account values and household values of $10 million or less, that were purchased at Wachovia on or before Feb. 13, 2008. These purchases will commence no later than November 10, 2008, and conclude no later than Nov. 28, 2008, for clients who accept this offer. ARS that are the subject of functioning auctions will not be eligible for purchase.

- Wachovia will offer to purchase at par ARS held by all other clients that were purchased at Wachovia on or before Feb. 13, 2008. These purchases will commence no later than June 10, 2009, for clients who accept this offer and conclude no later than June 30, 2009. ARS that are the subject of functioning auctions will not be eligible for purchase.
- Wachovia will also reimburse investors who can reasonably be identified and who would have been covered by the offer but who sold their ARS below par, between Feb. 13, 2008, and the date of entry of the settlement, for the difference between par and the price at which the investor sold the ARS. The reimbursement will be made by Nov. 28, 2008.
- In addition to Wachovia's offer to purchase ARS from clients, Wachovia will offer loans to affected clients in need of liquidity until the ARS repurchases occur.
- Wachovia will refund refinancing fees to municipal ARS issuers who issued ARS in the initial primary market between Aug. 1, 2007, and Feb. 13, 2008, and refinanced those securities after Feb. 13, 2008.
- Wachovia will pay a total fine of $50 million to the state regulatory agencies, which will be distributed to the States as determined by the North American Securities Administrators Association and the State of New York.
- Wachovia neither admits nor denies allegations of wrongdoing.

As previously disclosed in Wachovia's Second Quarter Report on Form 10-Q filed with the Securities and Exchange Commission on Aug. 11, 2008, in connection with the expectation of a potential settlement of ARS matters, Wachovia recorded a $500 million pre-tax increase to legal reserves, including amounts reserved for estimated market valuation losses on affected ARS, for the second quarter of 2008, based on estimates and assumptions at the time of the filing. Based on the terms of today's agreement in principle, the timing and currently estimated amounts of ARS to be purchased in the offer, current market conditions, expected future redemptions, and expected sales by Wachovia to third parties of a portion of ARS to be purchased in the offer, Wachovia currently expects to record a further $275 million pre-tax increase to legal reserves in the third quarter of 2008. Wachovia also currently expects that its Tier 1 capital ratio will decrease by approximately 8 basis points in the third quarter 2008, reflecting the additional increase in legal reserves and the capital impact of the offers. Wachovia does not currently expect that the purchase of ARS under the agreement in principle will have a material effect on capital, liquidity or overall financial results through expected maturities or redemptions of the ARS purchased, or alter Wachovia's previously announced focus on improving its Tier 1 capital ratio.

Wachovia currently estimates that the par value of ARS currently outstanding and eligible for purchase under the above offers totals approximately $8.5 billion. Following the purchases of ARS by Wachovia pursuant to the offers, and based on expected future redemptions and the expected sales of ARS to third parties described

Legal Proceedings Section from 3rd Quarter 2008 10-Q filed 10/30/08 (Wachovia)

Le Nature's, Inc. On August 26, 2008, the U.S. District Court dismissed the case pending against Wachovia in the Southern District of New York. Plaintiffs have appealed that ruling. Plaintiffs also filed a case asserting similar allegations in the New York State Supreme Court for the County of Manhattan; Wachovia has filed a motion to stay this case pending final resolution of the federal action. In addition, the Bondholder case filed against Wachovia in California has been transferred by the U.S. District Court for the Northern District of California to the U.S. District Court for the Western District of Pennsylvania.

Interchange Litigation. On October 14, 2008, Visa announced an agreement in principle to settle litigation commenced by Discover Card against it. Wachovia has certain obligations to Visa as a member bank and in connection with its previously disclosed Loss Sharing agreement with Visa. Wachovia has fully reserved for these obligations.

Payment Processing Center. On August 14, 2008, Wachovia reached agreements to settle the Faloney and Harrison class action lawsuits. The settlements have received preliminary approval from the U.S. District Court for the Eastern District of Pennsylvania, with a fairness hearing scheduled for January 2009.

Municipal Derivatives Bid Practices Investigation. Wachovia, along with numerous other financial institutions, has received a number of additional civil complaints from various municipalities filed in various state and federal courts. A number of the federal cases are in the process of being consolidated through the Multi-District Litigation procedures.

Auction Rate Securities. On August 15, 2008, Wachovia announced it had reached settlements in principle with the Secretary of State for the State of Missouri (as the lead state in the North American Securities Administrators Association task force investigating the marketing and sale of auction rate securities), with the New York State Attorney General's Office and with the SEC of their respective investigations of sales practice and other issues related to the sales of auction rate securities ("ARS") by certain affiliates and subsidiaries of Wachovia. Without admitting or denying liability, the agreements in principle require that Wachovia purchase certain ARS sold to customers in accounts at Wachovia, reimburse investors who sold ARS purchased at Wachovia for less than par, provide liquidity loans to customers at no net interest until the ARS are repurchased, offer to participate in special arbitration procedures with customers who claim consequential damages from the lack of liquidity in ARS and refund refinancing fees to certain municipal issuers who issued ARS and later refinanced those securities through Wachovia. Wachovia, without admitting or denying liability, will also pay a total fine of $50 million to the state regulatory agencies and agree to entry of consent orders by the two state regulators and an injunction by the SEC. Wachovia intends to begin buying back the ARS in November 2008. In addition, Wachovia is a defendant in three new purported civil class actions relating to its sale of ARS.

Baytide Petroleum v. Wachovia Securities, LLC, et al. was filed in the U.S. District Court for the Northern District of Oklahoma. The other two cases, Mayfield v. Wachovia Securities, LLC, et al. and Mayor and City of Baltimore v. Wachovia Securities, LLC, et al., were both filed in the U.S. District Court for the Southern District of New York and allege identical antitrust related claims.

Golden West and Related Litigation. On October 14, 2008, the New York City Pension Funds was named the lead plaintiff in the Lipetz matter and an order is in place setting the timeframe for filing an amended complaint and response thereto. The plaintiff in Estate of Romain voluntarily dismissed its shareholder derivative case against Wachovia. A new shareholder derivative case, Arace v Wachovia Corporation, et al., was filed on September 10, 2008, in the U.S. District Court for the Southern District of New York.

Evergreen Ultra Short Opportunities Fund (the "Fund") Investigation. The SEC and the Secretary of the Commonwealth, Securities Division, of the Commonwealth of Massachusetts are conducting separate investigations of Evergreen Investment Management Company, LLC ("EIMCO") and Evergreen Investment Services, Inc. ("EIS") concerning alleged issues surrounding the drop in net asset value of the Fund in May and June 2008. In addition, various Evergreen entities are defendants in three purported class actions, Keefe v. EIMCO , et al.; Krantzberg v. Evergreen Fixed Income Trust, et al.; and Mierzwinski v. EIMCO , et al., all filed in the U.S. District Court for the District of Massachusetts and related to the same events. The cases generally allege that investors in the Fund suffered losses as a result of (i) misleading statements in the Fund's prospectus, (ii) the failure to accurately price securities in the Fund at different points in time and (iii) the failure of the Fund's risk disclosures and description of its investment strategy to inform investors adequately of the actual risks of the fund.

Merger Related Litigation. On October 4, 2008, Citigroup, Inc. ("Citigroup") purported to commence an action in the Supreme Court in the State of New York captioned Citigroup, Inc. v. Wachovia Corp., et al., naming as defendants Wachovia, Wells Fargo, and the directors of both companies. The complaint alleged that Wachovia breached an exclusivity agreement with Citigroup, which by its terms was to expire on October 6, 2008, by entering into negotiations and an eventual acquisition agreement with Wells Fargo, and that Wells Fargo and the individual defendants had tortiously interfered with the same contract. In the complaint, Citigroup seeks $20 billion in compensatory damages and $40 billion in punitive damages. After significant procedural activity over the week of October 4-9, including a voluntary dismissal and re-filing of the action in amended form, the case was removed on October 9 to the U.S. District Court for the Southern District of New York. On October 10, Citigroup filed a motion to remand the case to the New York state court, and filed a new proposed amended complaint. The proposed amended complaint includes claims for breach of contract, tortious interference with contract, unjust enrichment, promissory estoppel, and quantum meruit. In the proposed amended complaint, which the court has not yet approved, Citigroup

seeks $20 billion in compensatory damages, $20 billion in restitutionary and unjust enrichment damages, and $40 billion in punitive damages. On October 24, Wachovia and Wells Fargo filed a joint response to the motion to remand. On October 4, 2008, Wachovia filed a complaint in the U. S. District Court for the Southern District of New York, captioned Wachovia Corp. v. Citigroup, Inc. The complaint seeks declaratory relief, stating that the Wells Fargo merger agreement is valid, proper, and not prohibited by the exclusivity agreement. On October 5, Wachovia filed a motion for a preliminary injunction seeking to prevent Citigroup from interfering with or impeding its merger with Wells Fargo. On October9, 2008, Citigroup issued a press release stating that Citigroup would no longer seek to enjoin the merger, but would continue to seek compensatory and punitive damages against Wachovia and Wells Fargo. On October 14, 2008, Wells Fargo filed a related complaint in the U. S. District Court for the Southern District of New York, captioned Wells Fargo v. Citigroup, Inc. The complaint seeks declaratory and injunctive relief, stating that the Wells Fargo merger agreement is valid, proper, and not prohibited by the exclusivity agreement. Citigroup has moved to dismiss the complaint. On October 8, 2008, a purported class action complaint captioned Irving Ehrenhaus v. John D. Baker, et al., was filed in the Superior Court for the County of Mecklenburg in the State of North Carolina. The complaint names as defendants Wachovia, Wells Fargo, and the directors of Wachovia. The complaint alleges that the Wachovia directors breached their fiduciary duties in approving the merger with Wells Fargo at an allegedly inadequate price, and that the Wells Fargo directors aided and abetted the alleged breaches of fiduciary duty. The action seeks to enjoin the Wells Fargo merger, or to recover compensatory or rescissory damages if the merger is consummated, as well as an award of attorneys' fees and costs. Plaintiffs have asked the Court for expedited discovery and to set a hearing date for a preliminary injunction motion to enjoin the shareholder vote and the closing of the transaction.

Data Treasury Litigation. Wachovia Bank, N.A. and Wachovia Corporation are among over 55 defendants named in two actions asserting patent infringement claims filed by Data Treasury Corporation in the U.S. District Court for the Eastern District of Texas. Data Treasury seeks a declaration that its patents are valid and have been infringed, and seeks damages and permanent injunctive relief. One of the cases is stayed pending re-examination of the patents by the U.S. Patent Office and the other case is currently in discovery.

Outlook. Based on information currently available, advice of counsel, available insurance coverage and established reserves, Wachovia believes that the eventual outcome of the actions against Wachovia and/or its subsidiaries, including the matters described above, will not, individually or in the aggregate, have a material adverse effect on Wachovia's consolidated financial position or results of operations. However, in the event of unexpected future developments, it is possible that the ultimate resolution of those matters, if unfavorable, may be material to Wachovia's results of operations for any particular period.

FORM 10-K WELLS FARGO & COMPANY- Filed February 27, 2009 (Wells)

ITEM 3. LEGAL PROCEEDINGS

Information in response to this Item 3 can be found in the 2008 Annual Report to Stockholders under "Financial Statements – Notes to Financial Statements – Note 15 (Guarantees and Legal Actions)" on pages 128-131. That information is incorporated into this report by reference.

NOTE 15 WELLS FARGO & COMPANY 2008 ANNUAL REPORT: (Wells)

Legal Actions

Wells Fargo and certain of our subsidiaries are involved in a number of judicial, regulatory and arbitration proceedings concerning matters arising from the conduct of our business activities. These proceedings include actions brought against Wells Fargo and/or our subsidiaries with respect to corporate related matters and transactions in which Wells Fargo and/or our subsidiaries were involved. In addition, Wells Fargo and our subsidiaries may be requested to provide information or otherwise cooperate with governmental authorities in the conduct of investigations of other persons or industry groups. Although there can be no assurance as to the ultimate outcome, Wells Fargo and/or our subsidiaries have generally denied, or believe we have a meritorious defense and will deny, liability in all significant litigation pending against us, including the matters described below, and we intend to defend vigorously each case, other than matters we describe as having settled. Reserves are established for legal claims when payments associated with the claims become probable and the costs can be reasonably estimated. The actual costs of resolving legal claims may be substantially higher or lower than the amounts reserved for those claims.

ADELPHIA LITIGATION Wachovia Bank, N.A. and Wachovia Capital Markets, LLC, are defendants in an adversary proceeding previously pending in the United States Bankruptcy Court for the Southern District of New York related to the bankruptcy of Adelphia Communications Corporation (Adelphia). The Official Committee of Unsecured Creditors in Adelphia's bankruptcy case filed the claims; the current plaintiff is the Adelphia Recovery Trust, which was substituted as the plaintiff pursuant to Adelphia's confirmed plan of reorganization. In February 2006, an order was entered moving the case to the United States District Court for the Southern District of New York. The complaint asserts claims against the defendants under state law, bankruptcy law and the Bank Holding Company Act and seeks equitable relief and an unspecified amount of compensatory and punitive damages. On June 11, 2007, the Bankruptcy Court granted in part and denied in part the motions to dismiss filed by the two Wachovia entities and other defendants. On January 17, 2008, the District Court affirmed the decision of the Bankruptcy Court on the motion dismiss with the exception that it dismissed one additional claim. On July 17, 2008, the District Court issued a ruling dismissing all of the bankruptcy related claims. The remaining claims essentially allege the banks should be liable to Adelphia on theories of aiding and abetting a breach of fiduciary duty and violation of the Bank Holding Company Act. The case is now in discovery.

AUCTION RATE SECURITIES On August 15, 2008, Wachovia Securities, LLC and Wachovia Capital Markets, LLC (collectively the Wachovia Securities Affiliates) announced they had reached settlements in principle with the Secretary of State for the State of Missouri (as the lead state in the North American Securities Administrators Association task force investigating the marketing and sale of auction rate securities), and with the New York State Attorney General's Office of their respective investigations of sales practice and other issues related to the sales of auction rate securities (ARS). Wachovia Securities also announced a settlement in principle with the Securities and Exchange Commission (SEC) of its similar investigation. Without admitting or denying liability, the agreements in principle require that the Wachovia Securities Affiliates purchase certain ARS sold to customers in accounts at the Wachovia Securities Affiliates, reimburse investors who sold ARS purchased at the Wachovia Securities Affiliates for less than par, provide liquidity loans to customers at no net interest until the ARS are repurchased, offer to participate in special arbitration procedures with customers who claim consequential damages from the lack of liquidity in ARS and refund refinancing fees to certain municipal issuers who issued ARS and later refinanced those securities through the Wachovia Securities Affiliates. Without admitting or denying liability, the Wachovia Securities Affiliates will also pay a total fine of $50 million to the state regulatory agencies and agreed to entry of consent orders by the two state regulators and Wachovia Securities, LLC agreed to entry of an injunction by the SEC. All three settlements in principle have been finalized. The Wachovia Securities Affiliates began the buy back of ARS in November 2008. The second and final phase of the buy back will take place in June 2009. Wells Fargo Investments, LLC (WFI), Wells Fargo Brokerage Services, LLC, and Wells Fargo Institutional Securities, LLC are engaged in discussions with regulators concerning the sale of ARS. On November 20, 2008, the State of Washington Department of Financial Institutions filed a proceeding entitled *In the Matter of determining whether there has been a violation of the Securities Act of Washington by: Wells Fargo Investments, LLC; Wells Fargo Brokerage Services, LLC; and Wells Fargo Institutional Securities, LLC*. The action seeks a cease and desist order against violations of the anti-fraud and suitability provisions of the Washington Securities Act. In addition, several purported civil class actions relating to the sale of ARS are currently pending against various Wells Fargo affiliated defendants.

DATA TREASURY LITIGATION Wells Fargo & Company, Wells Fargo Bank, N.A., Wachovia Bank, N.A. and Wachovia Corporation are among over 55 defendants named in two actions asserting patent infringement claims filed by Data Treasury Corporation in the U.S. District Court for the Eastern District of Texas. Data Treasury seeks a declaration that its patents are valid and have been infringed, and seeks damages and permanent injunctive relief. The cases are currently in discovery.

ELAVON LITIGATION On January 16, 2009, Elavon, Inc., a provider of merchant processing services, filed a complaint in the U.S. District Court for the Northern District of Georgia against Wachovia Corporation, Wachovia Bank, N.A., Wells Fargo & Company, and Wells Fargo Bank, N.A. The complaint seeks equitable relief, including specific performance, and damages for Wachovia Bank's allegedly wrongful termination of its merchant referral contract with Elavon. The complaint also seeks damages, including punitive damages, against the Wells Fargo entities for tortious interference with contractual relations.

ERISA LITIGATION Seven purported class actions have been filed against Wachovia Corporation, its board of directors and certain senior officers in the U.S. District Court for the Southern District of New York on behalf of employees of Wachovia Corporation and its affiliates who held shares of Wachovia Corporation common stock in their Wachovia Savings Plan accounts. The plaintiffs allege breach of fiduciary duty under ERISA, among other things,

claiming that the defendants should not have permitted Wachovia Corporation common stock to remain an investment option in the Savings Plan because alleged misleading disclosures relating to the Golden West mortgage portfolio, exposure to CDOs and other problem loans, and other alleged misstatements made its stock a risky and imprudent investment for employee retirement accounts.

GOLDEN WEST AND RELATED LITIGATION A purported securities class action, *Lipetz v. Wachovia Corporation, et al.*, was filed on July 7, 2008, in the U.S. District Court for the Southern District of New York by purported Wachovia Corporation shareholders alleging violations of Sections 10 and 20 of the Securities Exchange Act of 1934. An amended complaint was filed on December 15, 2008. Among other allegations, plaintiffs allege Wachovia Corporation's common stock price was artificially inflated as a result of allegedly misleading disclosures relating to the Golden West Financial Corp. (Golden West) mortgage portfolio, Wachovia Corporation's exposure to other mortgage related products such as CDOs, control issues and auction rate securities. The defendants have until February 27, 2009, to respond to the complaint. A purported class action, *Miller, et al. v. Wachovia Corporation, et al.*, was filed on January 31, 2008, against Wachovia Corporation, its board of directors and certain senior officers in the New York Supreme Court for the County of Nassau, relating to Wachovia Corporation's May 2007 issuance of trust preferred securities. The plaintiffs allege violations of Sections 11, 12 and 15 of the Securities Act of 1933 as a result of allegedly misleading disclosures relating to the Golden West mortgage portfolio. Wachovia Corporation removed the case to the U.S. District Court for the Eastern District of New York. On January 16, 2009, the case was voluntarily dismissed by the plaintiff and, on the same day, was refiled in the Superior Court of the State of California, Alameda County. A similar case, *Swiskay v Wachovia Corporation, et al.*, was filed on December 19, 2008, in the same court. The *Swiskay* case is essentially identical to the *Miller* case except it includes allegations relating to additional Wachovia preferred offerings. On January 21, 2009, a third case, *Orange County Employees' Retirement System, et al. v. Wachovia Corporation, et al.*, was also filed in the same California Superior Court on behalf of Orange County Employees' Retirement System and others. The complaint contains similar allegations to the *Miller* and *Swiskay* cases, except it includes some additional individuals and non-affiliated entities as defendants and adds claims relating to additional issuances of preferred stock and debt securities. Wells Fargo will file appropriate venue and other motions in response to these actions. Several government agencies are investigating matters similar to the issues raised in this litigation. Wells Fargo and its affiliates are cooperating fully.

INTERCHANGE LITIGATION Wells Fargo Bank, N.A., Wells Fargo & Company, Wachovia Bank, N.A. and Wachovia Corporation are named as defendants, separately or in combination, in putative class actions filed on behalf of a plaintiff class of merchants and individual actions brought by individual merchants with regard to the interchange fees associated with Visa and MasterCard payment card transactions. These actions have been consolidated in the United States District Court for the Eastern District of New York. Visa, MasterCard and several banks and bank holding companies are named as defendants in various of these actions. The amended and consolidated complaint asserts claims against defendants based on alleged violations of federal and state antitrust laws and seeks damages, as well as injunctive relief. Plaintiff merchants allege that Visa, MasterCard and their member banks unlawfully colluded to set interchange rates. Plaintiffs also allege that enforcement of certain Visa and MasterCard rules and alleged tying and bundling of services offered to merchants are anticompetitive. Wells Fargo and Wachovia, along with other members of Visa, are parties to Loss and Judgment Sharing Agreements, which provide that they, along with other member banks of Visa, will share, based on a formula, in any losses from certain litigation specified in the Agreements, including the Interchange Litigation.

LE-NATURE'S, INC. Wachovia Bank, N.A. is the administrative agent on a $285 million credit facility extended to Le-Nature's, Inc. in September 2006, of which approximately $270 million was syndicated to other lenders by Wachovia Capital Markets, LLC. Le-Nature's was the subject of a Chapter 7 bankruptcy petition which was converted to a Chapter 11 bankruptcy petition in November 2006 in the U.S. Bankruptcy Court for the Western District of Pennsylvania. The filing was precipitated by an apparent fraud relating to Le-Nature's financial condition. On March 14, 2007, the two Wachovia entities filed an action against several hedge funds in the Superior Court for the State of North Carolina, Mecklenburg County, alleging that the hedge fund defendants had acquired a significant quantity of the outstanding debt with full knowledge of Le-Nature's fraud and with the intention of pursuing alleged fraud and other tort claims against the two Wachovia entities purportedly related to their role in Le-Nature's credit facility. A preliminary injunction was entered by the Court that, among other things, prohibited defendants from asserting any such claims in any other forum. On September 18, 2007, these defendants filed an action in the U.S. District Court for the Southern District of New York against Wachovia Capital Markets, a third party and two members of Le-Nature's management asserting claims arising under federal RICO laws. On March 13, 2008, the North Carolina judge granted Defendants' motion to stay the North Carolina action and modified the injunction to allow the Defendants to attempt

to assert claims in the New York action. The Wachovia entities have appealed. Wachovia Capital Markets filed a motion to dismiss the New York action which was granted on August 26, 2008. Plaintiffs have appealed that ruling. Plaintiffs subsequently filed a case asserting similar allegations in the New York State Supreme Court for the County of Manhattan. On April 28, 2008, holders of Le-Nature's Senior Subordinated Notes, an offering which was underwritten by Wachovia Capital Markets in June 2003, sued alleging various fraud claims; this case is pending in the U.S. District Court for the Western District of Pennsylvania. On October 30, 2008, the liquidation trust in Le-Nature's bankruptcy filed suit against a number of individuals and entities, including Wachovia Capital Markets, LLC, and Wachovia Bank, N.A., in the U.S. District Court for the Western District of Pennsylvania, asserting a variety of claims on behalf of the estate.

MERGER RELATED LITIGATION On October 4, 2008, Citigroup, Inc. (Citigroup) purported to commence an action in the Supreme Court of the State of New York for the County of Manhattan, captioned *Citigroup, Inc. v. Wachovia Corp., et al.*, naming as defendants Wachovia Corporation (Wachovia), Wells Fargo & Company (Wells Fargo), and the directors of both companies. The complaint alleged that Wachovia Corporation breached an exclusivity agreement with Citigroup, which by its terms was to expire on October 6, 2008, by entering into negotiations and an eventual acquisition agreement with Wells Fargo, and that Wells Fargo and the individual defendants had tortiously interfered with the same contract. In the complaint, Citigroup seeks $20 billion in compensatory damages and $40 billion in punitive damages. After significant procedural activity over the week of October 4-9, 2008, including a voluntary dismissal and re-filing of the action in amended form, the case was removed on October 9, 2008, to the U.S. District Court for the Southern District of New York. On October 10, 2008, Citigroup filed a motion to remand the case to the New York state court, and filed a new proposed amended complaint. The proposed amended complaint includes claims for breach of contract, tortious interference with contract, unjust enrichment, promissory estoppel, and quantum meruit. In the proposed amended complaint, which the court has not yet approved, Citigroup seeks $20 billion in compensatory damages, $20 billion in restitutionary and unjust enrichment damages, and $40 billion in punitive damages. On October 24, 2008, Wachovia Corporation and Wells Fargo filed a join response to the motion to remand. On October 4, 2008, Wachovia Corporation filed a complaint in the U.S. District Court for the Southern District of New York, captioned *Wachovia Corp. v. Citigroup, Inc.* The complaint seeks declaratory relief, stating that the Wells Fargo merger agreement is valid, proper, and not prohibited by the exclusivity agreement. On October 5, 2008, Wachovia filed a motion for a preliminary injunction seeking to prevent Citigroup from interfering with or impeding its merger with Wells Fargo. On October 9, 2008, Citigroup issued a press release stating that Citigroup would no longer seek to enjoin the merger, but would continue to seek compensatory and punitive damages against Wachovia Corporation and Wells Fargo. On October 14, 2008, Wells Fargo filed a related complaint in the U.S. District Court for the Southern District of New York, captioned *Wells Fargo v. Citigroup, Inc.* The complaint seeks declaratory and injunctive relief, stating that the Wells Fargo merger agreement is valid, proper, and not prohibited by the exclusivity agreement. Citigroup has moved to dismiss the complaint. The cases have been assigned to the same judge for further proceedings.

MUNICIPAL DERIVATIVES BID PRACTICES INVESTIGATION The Department of Justice (DOJ) and the SEC, beginning in November 2006, have been requesting information from a number of financial institutions, including Wachovia Bank, N.A.'s municipal derivatives group, generally with regard to competitive bid practices in the municipal derivative markets. In connection with these inquiries, Wachovia Bank has received subpoenas from both the DOJ and SEC as well as requests from the OCC and several states seeking documents and information. The DOJ and the SEC have advised Wachovia Bank that they believe certain of its employees engaged in improper conduct in conjunction with certain competitively bid transactions and, in November 2007, the DOJ notified two Wachovia Bank employees, both of whom have since been terminated, that they are regarded as targets of the DOJ's investigation. Wachovia Bank has been cooperating and continues to fully cooperate with the government investigations.

Wachovia Bank, along with a number of other banks and financial services companies, has also been named as a defendant in a number of substantially identical purported class actions, filed in various state and federal courts by various municipalities alleging they have been damaged by the activity which is the subject of the governmental investigations. A number of the federal matters have been consolidated for pre trial proceedings.

PAYMENT PROCESSING CENTER On February 17, 2006, the U.S. Attorney's Office for the Eastern District of Pennsylvania filed a civil fraud complaint against a former Wachovia Bank, N.A. customer, Payment Processing Center (PPC). PPC was a third party payment processor for telemarketing and catalogue companies. On April 12, 2007, a civil class action, *Faloney et al. v. Wachovia Bank, N.A.*, was filed against Wachovia Bank in the U.S. District Court for the Eastern District of Pennsylvania by a putative class of consumers who made purchases through telemarketer

customers of PPC. The suit alleges that between April 1, 2005 and February 21, 2006, Wachovia Bank conspired with PPC to facilitate PPC's purported violation of RICO. On February 15, 2008, a second putative class action, *Harrison v. Wachovia Bank, N.A.*, was filed in the U.S. District Court for the Eastern District of Pennsylvania by a putative class of consumers who made purchases through telemarketing customers of three other third party payment processors which banked with Wachovia Bank. This suit alleges that Wachovia Bank conspired with these payment processors to facilitate purported violations of RICO. On April 24, 2008, Wachovia and the Office of the Comptroller of the Currency (OCC) entered into an Agreement to resolve the OCC's investigation into Wachovia's relationship with PPC and three other companies. The Agreement provides, among other things, that (i) Wachovia will provide restitution to consumers, (ii) will create a segregated account in the amount of $125 million to cover the estimated maximum cost of the restitution, (iii) will fund organizations that provide education for consumers over a two year period in the amount of $8.9 million, (iv) will make various changes to its policies and procedures related to customers that use remotely created checks and (v) will appoint a special Compliance Committee to oversee compliance with the Agreement. Wachovia Bank and the OCC also entered into a Consent Order for Payment of a Civil Money Penalty whereby Wachovia, without admitting or denying the allegations contained therein, agreed to payment of a $10 million civil money penalty. The OCC Agreement was amended on December 8, 2008, to provide for direct restitution payments and those payments were mailed to consumers on December 11, 2008. Wachovia Bank is cooperating with government officials to administer the OCC settlement and in their further inquiries.

On August 14, 2008, Wachovia Bank reached agreements to settle the *Faloney* and *Harrison* class action lawsuits. The settlements received approval from the U.S. District Court for the Eastern District of Pennsylvania on January 23, 2009.

OTHER REGULATORY MATTERS AND GOVERNMENT INVESTIGATIONS In the course of its banking and financial services businesses, Wells Fargo and its affiliates are subject to information requests and investigations by governmental and self-regulatory authorities. These authorities have instituted various ongoing investigations of various practices in the banking, securities and mutual fund industries, including those relating to anti-money laundering, sales practices, record retention and other laws and regulations involving our customers and their accounts.

In general, the investigations cover advisory companies to mutual funds, broker-dealers, hedge funds and others and may involve the activities of customers or third parties with respect to accounts maintained by Wells Fargo affiliates or transactions in which Wells Fargo affiliates may be involved. Wells Fargo affiliates have received subpoenas and other requests for documents and testimony relating to the investigations, is endeavoring to comply with those requests, is cooperating with the investigations, and where appropriate, is engaging in discussions to resolve the investigations or take other remedial actions. These investigations include an investigation being conducted by the U.S. Attorney's Office for the Southern District of Florida into, among other matters, Wachovia Bank, N.A.'s correspondent banking relationship with certain non-domestic exchange houses and Bank Secrecy Act and anti-money laundering compliance. Wachovia Bank is cooperating fully with the U.S. Attorney's Office's investigation.

FORM 10-Q WELLS FARGO & COMPANY - Filed August 7, 2009 (Wells)
(For the quarterly period ended June 30, 2009)

Legal Actions

The following supplements and amends our discussion of certain matters previously reported in Item 3 (Legal Proceedings) of our 2008 Form 10-K for events occurring in the most recent quarter.

Auction Rate Securities On June 30, 2009, Wachovia completed the second, and final, phase of its buy back of qualifying securities as required in its regulatory settlements with the SEC and various state securities regulators.

ERISA Litigation On June 18, 2009, the U.S. District Court for the Southern District of New York entered a Memorandum and Order transferring these consolidated cases to the U.S. District Court for the Western District of North Carolina.

Golden West and Related Litigation On May 8, 2009 and on June 12, 2009, two additional cases (not class actions) containing allegations similar to the allegations in the *In re Wachovia Equity Securities Litigation,* and captioned, *Stichting Pensioenfonds ABP v. Wachovia Corp. et al. and FC Holdings AB, et al. v. Wachovia Corp., et al.,* respectively,

were filed in the U.S. District Court for the Southern District of New York. On June 22, 2009, the U.S. District Court for the Northern District of California entered an Order To Transfer Three Related Actions Pursuant To U.S.C. Section 1404(a) whereby the Court transferred the *Miller, et al. v. Wachovia Corporation, et al.; Swiskay, et al. v. Wachovia Corporation, et al.; and Orange County Employees' Retirement System, et al. v. Wachovia Corporation, et al.* cases to the U.S. District Court for the Southern District of New York.

Merger Related Litigation On July 13, 2009, the U.S. District Court for the Southern District of New York issued an Opinion and Order denying Citigroup's motion for partial judgment on the pleadings in the *Wachovia Corp. v. Citigroup, Inc.* case. The Court held that an Exclusivity Agreement, entered into between Citigroup and Wachovia on September 29, 2008, and which formed the basis for a substantial portion of the allegations of Citigroup's complaint against Wachovia and Wells Fargo, was void as against public policy by enactment of Section 126(c) of the Emergency Economic Stabilization Act on October 3, 2008.

Illinois Attorney General Litigation On July 31, 2009, the Attorney General for the State of Illinois filed a civil lawsuit against Wells Fargo & Company, Wells Fargo Bank, N.A. and Wells Fargo Financial Illinois, Inc. in the Circuit Court for Cook County, Illinois. The Illinois Attorney General alleges that the Wells Fargo defendants engaged in illegal discrimination by "reverse redlining" and by steering African- American and Latino customers into high cost, subprime mortgage loans while other borrowers with similar incomes received lower cost mortgages. Illinois also alleges that Wells Fargo Financial Illinois, Inc. misled Illinois customers about the terms of mortgage loans. Illinois' complaint against all Wells Fargo defendants is based on alleged violation of the Illinois Human Rights Act and the Illinois Fairness in Lending Act. The complaint also alleges that Wells Fargo Financial Illinois, Inc. violated the Illinois Consumer Fraud and Deceptive Business Practices Act and the Illinois Uniform Deceptive Trade Practices Act. Illinois' complaint seeks an injunction against the defendants' alleged violation of these Illinois statutes, restitution to consumers and civil money penalties.

FORM 10-Q WELLS FARGO & COMPANY – Filed November 6, 2009 (Wells)
(For the quarterly period ended October 30, 2009)

Item 1. Legal Proceedings

Legal Actions
The following supplements and amends our discussion of certain matters previously reported in Item 3 (Legal Proceedings) of our 2008 Form 10-K for events occurring in the most recent quarter.

Elavon On September 29, 2009, Elavon filed an amended complaint adding an additional party to the litigation. On October 13, 2009, the court entered an order granting the motion to dismiss of Wells Fargo & Company and Wells Fargo Bank, N.A. dismissing the tortious interference with contract and the punitive damages counts as against those entities.

Golden West and Related Litigation On September 15, 2009 and on September 25, 2009, two additional cases (not class actions) containing allegations similar to the allegations in the In re Wachovia Equity Securities Litigation, and captioned, Deka Investment GmbH v. Wachovia Corp. et al. and Forsta AP-Fonden v. Wachovia Corp., et al., respectively, were filed in the U.S. District Court for the Southern District of New York. Following the transfer of the Miller, et al. v. Wachovia Corporation, et al.; Swiskay, et al. v. Wachovia Corporation, et al.; and Orange County Employees' Retirement System, et al. v. Wachovia Corporation, et al. cases to the U.S. District Court for the Southern District of New York, a consolidated class action complaint was filed on September 4, 2009 and the matter is now captioned In Re Wachovia Preferred Securities and Bond/Notes Litigation. On September 29, 2009, a non-class action case containing allegations similar to the allegations in the In re Wachovia Preferred Securities and Bond/Notes litigation, and captioned City of Livonia Employees' Retirement System v. Wachovia Corp et al., was filed in the Southern District of New York. In addition, a number of other actions containing allegations similar to those in the In re Wachovia Equity Securities Litigation have been filed in state courts in North Carolina and South Carolina by individual shareholders.

Illinois Attorney General Litigation On October 9, 2009, the Company filed a motion to dismiss Illinois' complaint.

Le-Nature's, Inc. On August 1, 2009, the trustee under the indenture for Le-Nature's Senior Subordinated Note filed claims against Wachovia Capital Markets seeking recovery for the bondholders under a variety of theories. On

September 16, 2009, the Judge in the action brought by the Litigation Trustee dismissed a cause of action for breach of fiduciary duty but denied the remainder of Wachovia's motion to dismiss. On October 2, 2009, the Second Circuit affirmed the dismissal of the action filed by certain bank debt holders in the Southern District of New York. The action filed on behalf of holders of Le-Nature's Senior Subordinated Notes is now pending in the Superior Court of the State of California, County of Los Angeles.

Municipal Derivatives Bid Practices Investigation On April 30, 2009, the Court granted a motion filed by Wachovia and certain other defendants to dismiss the Consolidated Class Action Complaint and dismissed all claims against Wachovia, with leave to replead; a Second Consolidated Amended Complaint was filed on June 18, 2009, and a motion to dismiss this complaint has been filed and briefed. Putative class and individual actions brought in California were also amended on September 15, 2009, including five non-class complaints filed in California which were amended with new allegations and the addition of Wells Fargo & Co. as a defendant. All matters are being coordinated in the Southern District of New York.

Outlook Based on information currently available, advice of counsel, available insurance coverage and established reserves, Wells Fargo believes that the eventual outcome of the actions against Wells Fargo and/or its subsidiaries, including the matters described above, will not, individually or in the aggregate, have a material adverse effect on Wells Fargo's consolidated financial position or results of operations. However, in the event of unexpected future developments, it is possible that the ultimate resolution of those matters, if unfavorable, may be material to Wells Fargo's results of operations for any particular period.

Source: WELLS FARGO & CO/MN, 10-Q, November 06, 2009 Powered by Morningstar® Document Research℠

8-K Filed March 17, 2010 (Wells)

Wachovia Bank, N.A., said today that it has entered into agreements with the U.S. Department of Justice and banking regulators concerning previously disclosed compliance matters that occurred prior to its acquisition by Wells Fargo & Company. The agreements address Wachovia's Bank Secrecy Act (BSA) and Anti-Money Laundering (AML) compliance program and primarily relate to customer accounts held by Mexican money exchange houses in Wachovia's Global Financial Institutions and Trade Services (GFITS) division between 2004 and 2007.

As part of the agreements, Wachovia will pay a total of $160 million. Wells Fargo learned about these matters before acquiring Wachovia and established reserves in prior periods that will fully cover the settlement amounts.

The agreements consist of the following:

- Wachovia Bank, N.A. has entered into a deferred prosecution agreement with the U.S. Attorney's Office for the Southern District of Florida and the U.S. Department of Justice. Under the agreement, the bank acknowledges that its AML compliance programs were inadequate and agrees to forfeit $110 million and implement certain remedial measures. In one year, if Wachovia has complied with the terms of the agreement, the Department of Justice will ask a U.S. court to dismiss all charges against the bank. The agreement states that there is no evidence or allegation that Wells Fargo's AML program is deficient.

- Wachovia Bank, N.A. has entered into a Consent Order with the Office of the Comptroller of the Currency (OCC), in which it has committed to take the necessary steps to address deficiencies and enhance its BSA and AML policies and procedures related to foreign correspondent banking activities. Wachovia has also agreed to pay the OCC a civil money penalty of $50 million.

- Wachovia Bank, N.A. has also agreed to a Consent to the Assessment of Civil Money Penalty with the Financial Crimes Enforcement Network of the United States Department of Treasury (FinCEN). The $110 million penalty imposed by FinCEN will be satisfied by the $110 million forfeiture made to the Department of Justice.

The focus of these investigations was primarily in the GFITS division of Wachovia Bank from 2004 to 2007, well before Wells Fargo acquired Wachovia at the end of 2008. By early 2008, Wachovia Bank had exited all relationships with foreign money exchange houses. Wachovia Bank has fully cooperated with the Federal Government throughout the course of its investigation. That cooperation has continued since the merger of Wachovia and Wells Fargo.

Wachovia has made significant enhancements to its AML and BSA compliance program that have strengthened its ability to guard against unlawful use of its system by wrongdoers. Over the past three years, Wachovia, and since January 2009, Wachovia as part of Wells Fargo, has invested $42 million evaluating and improving the BSA/AML compliance program. Since its acquisition by Wells Fargo, Wachovia has also been subject to Wells Fargo's BSA/AML compliance program and compliance and operational risk management, oversight and independent testing. The company continues to dedicate significant resources to this area, and is committed to maintaining compliant and effective BSA/AML practices and policies and a strong compliance culture across the integrated organization.
In addition to this matter, Wachovia Bank, N.A. and the Department of Justice have resolved the remaining outstanding issues related to relationships Wachovia had from 2003 to 2008 with payment processors for telemarketing companies, including Payment Processing Center, LLC. Wachovia reached a settlement with the OCC on 2008 and has paid restitution to consumers who may have been subject to fraud by the telemarketers.

These settlements complete all pending bank-specific investigations of Wachovia's correspondent banking business.

Wachovia Bank, N.A., is a subsidiary of Wells Fargo & Company.

Wells Fargo & Company is a diversified financial services company with $1.2 trillion in assets, providing banking, insurance, investments, mortgage and consumer finance through more than 10,000 stores and 12,000 ATMs and the internet (wellsfargo.com) across North America and internationally.

10 Q filed 5/10/2010 - Wells
Legal Actions occurring in first quarter 2010.

Auction Rate Securities Plaintiffs have appealed the January 26, 2010, dismissal of two civil class actions pending against Wells Fargo affiliated defendants.

Casa de Cambio Investigation In March 2010, Wachovia Bank, N.A. entered into a Deferred Prosecution Agreement with the U.S. Attorney's Office for the Southern District of Florida and U.S. Department of Justice, and entered into separate consent agreements with the Office of the Comptroller of the Currency and the Financial Crimes Enforcement Network to resolve those agencies' investigations into these matters, the substance of which occurred prior to Wachovia's acquisition by Wells Fargo & Company. The Deferred Prosecution Agreement was approved on March 17, 2010, by the U.S. District Court for the Southern District of Florida. Wachovia Bank, N.A. paid a total of $160 million to satisfy the forfeitures and penalties provided for in the various agreements and further agreed to continue certain remediation and compliance efforts. Settlement of this matter was previously described in a Form 8-K filed on March 17, 2010.

ERISA Litigation On April 6, 2010, the U.S. District Court for the District of Minnesota certified a class of participants in Wells Fargo's 401(k) Plan in a case captioned Figas v. Wells Fargo & Company, et al. Figas purports to bring claims on behalf of participants who had assets in certain Wells Fargo affiliated funds from November 2, 2001, to September 22, 2009, alleging breach of fiduciary duty in connection with the offer of Wells Fargo affiliated funds as investment choices in the Plan.

Golden West and Related Litigation On May 3, 2010, the judge in the Southern District of New York issued an order granting Plaintiffs leave to amend the class action and other complaints pending in that court, and directing the parties to submit a schedule for the filing of the amended complaints and new motions to dismiss. This order terminates the motions to dismiss the prior complaints which had been pending.

In re Wells Fargo Mortgage-Backed Certificates Litigation and Mortgage Related Investigations This lawsuit is comprised of several securities law based putative class actions, consolidated in the U.S. District Court for the Northern District of California on July 16, 2009. The case is brought against several Wells Fargo mortgage-backed securities trusts, Wells Fargo Bank, N.A. and other affiliated entities, individual employee defendants, along with various underwriters and rating agencies. The plaintiffs allege that the offering documents contained untrue statements of material fact, or omitted to state material facts necessary to make the registration statements and accompanying prospectuses not misleading. The allegations are regarding the underwriting standards used in connection with the origination of the underlying mortgages, the maximum loan-to-value ratios used to qualify borrowers, and the appraisals of the properties underlying the mortgages. Motions to dismiss, filed on behalf of all defendants, were granted in part and denied in part by a court order entered on April 22, 2010. The plaintiffs were granted leave to amend some of their claims.

Certain government entities are conducting investigations into the mortgage lending practices of various Wells Fargo affiliated entities, including whether borrowers were steered to more costly mortgage products. Wells Fargo intends to cooperate fully with these investigations.

LeNature's Inc. On March 15, 2010, the Mecklenburg County Superior Court entered an order allowing the hedge fund defendants to assert their tort claims in the New York state action. The holders of LeNature's Senior Subordinated Notes filed an amended complaint in the California action, and Wachovia has filed its demurrer to that complaint. The action filed by the trustee under the indenture for the Senior Subordinated Notes offering was dismissed by the U.S. District Court for the Western District of Pennsylvania on April 16, 2010.

Municipal Derivatives Bid Practice Investigation Defendants' motion to dismiss the second consolidated amended complaint was denied by the U.S. District Court for the Southern District of New York on March 25, 2010. On April 26, 2010, the same court also denied motions to dismiss eleven related cases filed by municipalities in California.

Payment Processing Center On March 17, 2010, the U.S. District Court for the Southern District of Florida approved a Deferred Prosecution Agreement between the U.S. Department of Justice and Wachovia Bank, N.A., which resolved the Department of Justice's investigation into this matter. The Company believes all pending governmental investigations relating to this matter are now concluded.

10 Q filed 6/10/2010 -Wells
Legal Actions occurring in first quarter 2010 (Amended August 6, 2010)

The following supplements and amends our discussion of certain matters previously reported in Item 3 (Legal Proceedings) of our 2009 Form 10-K and our First Quarter Form 10-Q for events occurring in second quarter 2010.

Data Treasury Litigation On June 15, 2010, Wells Fargo entered into a confidential settlement agreement which settled all claims of Data Treasury against Wells Fargo and Wachovia. The estimated liability for this matter had been accrued for in previous quarters and the settlement did not have a material adverse effect on Wells Fargo's consolidated financial statements for the period ended June 30, 2010.

Golden West and Related Litigation Amended complaints were filed in all the actions in May 2010 and renewed motions to dismiss have been filed in each case.

In Re Wells Fargo Mortgage-Backed Certificates Litigation On May 28, 2010, plaintiffs filed an amended consolidated complaint. On June 25, 2010, Wells Fargo moved to dismiss the amended complaint. On June 29, 2010 and on July 15, 2010, two complaints, the first captioned The Charles Schwab Corporation vs. Merrill Lynch, Pierce, Fenner & Smith, Inc., et al., and the second captioned The Charles Schwab Corporation v. BNP Paribas Securities Corp., et al., were filed in the Superior Court for the State of California, San Francisco County against a number of defendants, including Wells Fargo Bank, N.A. and Wells Fargo Asset Securities Corporation. As against the Wells Fargo entities, the new cases assert opt out claims relating to the claims alleged in the Mortgage-Backed Certificates Litigation.

LeNature's Inc. On July 7, 2010, the demurrer to the California noteholder action was overruled. On May 10, 2010, the New York State Court granted the motion to dismiss two counts of the complaint and denied the motion to dismiss two other counts.

Municipal Derivatives Bid Practice Investigation In May 2010, four additional complaints were filed in California state courts by four additional California municipalities containing allegations virtually identical to the allegations of the eleven complaints previously filed by various California municipalities.

Municipal Derivatives Bid Practice Investigation In May 2010, four additional complaints were filed in California state courts by four additional California municipalities containing allegations virtually identical to the allegations of the eleven complaints previously filed by various California municipalities.

10-Q Filed November 5, 2010 Wells

Legal Actions

The following supplements and amends our discussion of certain matters previously reported in Item 3 (Legal Proceedings) of our 2009 Form 10-K and our 2010 First and Second Quarter Form 10-Q for events occurring in third quarter 2010.

Adelphia Litigation On September 21, 2010, an agreement in principle was reached between the Adelphia Resolution Trust and all of the defendant banks to settle the remaining claims against the Banks. The agreement is subject to approval by the Court. A hearing on approval of the settlement is scheduled for November 18, 2010.

ERISA Litigation On August 6, 2010, an order was entered by the U.S. District Court for the Western District of North Carolina dismissing, with prejudice, the plaintiffs' complaint in the In re Wachovia Corporation ERISA Litigation case. Plaintiffs have appealed. On October 18, 2010, an agreement in principle was reached to settle the Figas v. Wells Fargo & Company , et al. case. The agreement is subject to approval by the Court and an independent fiduciary.

Golden West and Related Litigation Two individual shareholder actions in South Carolina have been dismissed and the shareholders have appealed.

Municipal Derivatives Bid Practice Investigation On September 21, 2010 a complaint, captioned Active Retirement Community, Inc. d/b/a Jefferson's Ferry v. Bank of America, N.A., et al., was filed in the U.S. District Court for the Eastern District of New York. The case asserts claims against Wachovia Bank, N.A. and Wells Fargo & Company that are substantially similar to other previously disclosed civil cases.
Order of Posting Litigation A series of putative class actions have been filed against Wachovia Bank, N.A. and Wells Fargo Bank, N.A., as well as many other banks, challenging the high to low order in which the Banks post debit card transactions to consumer deposit accounts. There are currently twelve such cases pending against Wells

Fargo Bank (including the Wachovia Bank cases to which Wells Fargo succeeded), all but three of which have been consolidated in multi-district litigation proceedings in the U.S. District Court for the Southern District of Florida. On August 10, 2010, the U.S. District Court for the Northern District of California issued an order in Gutierrez v. Wells Fargo Bank, N.A. , one of the three cases that were not consolidated in the multi-district proceedings, enjoining the Bank's use of the high to low posting method for debit card transactions with respect to the plaintiff class of California depositors, directing that the Bank establish a different posting methodology and ordering remediation in the approximate amount of $203 million. On October 26, 2010, a final judgment was entered in Gutierrez . Wells Fargo will appeal.

In Re Wells Fargo Mortgage-Backed Certificates Litigation and Related Mortgage Litigation and Investigations On October 5, 2010, Wells Fargo's motion to dismiss the amended complaint in the Northern District of California was granted in part and denied in part.

On October 15, 2010, three actions, captioned Federal Home Loan Bank of Chicago v. Banc of America Funding Corporation, et al. (filed in the Cook County Circuit Court, State of Illinois); Federal Home Loan Bank of Chicago v. Banc of America Securities LLC, et al. (filed in the Superior Court of the State of California for the County of Los Angeles); and Federal Home Loan Bank of Indianapolis v. Banc of America Mortgage America Securities, Inc., et al. (filed in the Superior Court of the State of Indiana for the County of Marion), named multiple defendants, described as issuers/depositors, and underwriters/dealers of private label mortgage-backed securities, in an action asserting claims that defendants used false and misleading statements in offering documents for the sale of such securities. The Bank of Chicago asserts that it purchased approximately $4.2 billion and the Bank of Indianapolis asserts that it purchased nearly $3 billion of such securities from the defendants. Plaintiffs seek rescission of the sales and damages under state securities and other laws and Section 11 of the Securities Act of 1933. Wells Fargo Asset Securities Corporation, Wells Fargo Bank, N.A. and Wells Fargo & Company were named among the defendants. In addition, various class actions have been filed against Wells Fargo Bank, N.A. and other banks challenging aspects of the foreclosure process, alleging, among other things, that banks improperly split notes and mortgages, use inappropriate foreclosure plaintiffs, misapply payments in violation of the terms of notes and mortgages, and submit fraudulent and inaccurate foreclosure affidavits. Wells Fargo Bank, N.A. has received inquiries from state Attorneys General, other state and federal regulators and officers, and legislative committees into its mortgage foreclosure practices and procedures. Wells Fargo is appropriately responding to these inquiries as well as internally reviewing its practices and procedures. At present, Wells Fargo cannot estimate the possible loss or range of loss with respect to the allegations concerning the mortgage related litigation and investigations described above.

Outlook In accordance with ASC 450 (formerly FAS 5), Wells Fargo has established estimated liabilities for litigation matters with loss contingencies that are both probable and estimable. For these matters and others where an unfavorable outcome is reasonably possible but not probable, there may be a range of possible losses in excess of the estimated liability that cannot be estimated. Based on information currently available, advice of counsel, available insurance coverage and established reserves, Wells Fargo believes that the eventual outcome of the actions against Wells Fargo and/or its subsidiaries, including the matters described above, will not, individually or in the aggregate, have a material adverse effect on Wells Fargo's consolidated financial statements. However, in the event of unexpected future developments, it is possible that the ultimate resolution of those matters, if unfavorable, may be material to Wells Fargo's consolidated financial statements for any particular period.

Wells Fargo & Company 10-K for fiscal year 12/31/2010 issued 2/25/2011

ITEM 3. LEGAL PROCEEDINGS

Information in response to this Item 3 can be found in the 2010 Annual Report to Stockholders under "Financial Statements – Notes to Financial Statements – Note 14 (Guarantees and Legal Actions)." That information is incorporated into this item by reference.

Legal Actions

Wells Fargo and certain of our subsidiaries are involved in a number of judicial, regulatory and arbitration proceedings concerning matters arising from the conduct of our business activities. These proceedings include actions brought against Wells Fargo and/or our subsidiaries with respect to corporate related matters and transactions in which Wells Fargo and/or our subsidiaries were involved. In addition, Wells Fargo and our subsidiaries may be requested to provide information or otherwise cooperate with government authorities in the conduct of investigations of other persons or industry groups. Although there can be no assurance as to the ultimate outcome, Wells Fargo and/or our subsidiaries have generally denied, or believe we have a meritorious defense and will deny, liability in all significant litigation pending against us, including the matters described below, and we intend to defend vigorously each case, other than matters we describe as having settled. Reserves are established for
legal claims when payments associated with the claims become probable and the costs can be reasonably estimated. The actual costs of resolving legal claims may be substantially higher or lower than the amounts reserved for those claims.

ADELPHIA LITIGATION Wachovia Bank, N.A. and Wachovia Capital Markets, LLC, along with numerous other financial institutions were defendants in a case pending in the United States District Court for the Southern District of New York related to the bankruptcy of Adelphia Communications Corporation (Adelphia). The plaintiff was the Adelphia Recovery Trust. The complaint asserted claims against the defendants under state law, bankruptcy law and the Bank Holding Company Act and sought equitable relief and an unspecified amount of compensatory and punitive damages. On September 21, 2010, an agreement was reached between the Adelphia Resolution Trust and all of the defendant banks to settle the claims against the banks for the total amount of $175 million. Wachovia's share was a fraction of that amount and was not material to Wells Fargo. The settlement has been approved by the Court and the case is concluded.

ELAVON LITIGATION On January 16, 2009, Elavon, Inc., a provider of merchant processing services, filed a complaint in the U.S. District Court for the Northern District of Georgia against Wachovia Corporation, Wachovia Bank, N.A., Wells Fargo & Company, and Wells Fargo Bank, N.A. The complaint seeks equitable relief, including specific performance, and damages for Wachovia Bank's allegedly wrongful termination of its merchant referral contract with Elavon. Discovery has been completed and both parties have moved for summary judgment on various claims or defenses.

ERISA LITIGATION A purported class action, captioned *In re Wachovia Corporation ERISA Litigation* , was pending against Wachovia Corporation, its board of directors and certain senior officers, in the U.S. District Court for the Western District of North Carolina. The case was filed on behalf of employees of Wachovia Corporation and its affiliates who held shares of Wachovia Corporation common stock in their Wachovia Savings Plan accounts. On August 6, 2010, an order was entered by the Court dismissing, with prejudice, the plaintiffs' complaint. The dismissal was appealed. On December 8, 2010, an agreement in principle was reached to settle the case for $12.35 million. The settlement is subject to Court approval. A hearing on approval of the settlement has not yet been scheduled.

On April 6, 2010, the U.S. District Court for the District of Minnesota certified a class of participants in Wells Fargo's 401(k) Plan in a case captioned *Figas v. Wells Fargo & Company, et al.* Figas purports to bring claims on behalf of

participants who had assets in certain Wells Fargo affiliated funds from November 2, 2001, to September 22, 2009, alleging breach of fiduciary duty in connection with the offer of Wells Fargo affiliated funds as investment choices in the Plan. On October 18, 2010, an agreement in principle was reached to settle the *Figas v. Wells Fargo & Company, et al.* case. The agreement is subject to approval by the Court and an independent fiduciary.

ILLINOIS ATTORNEY GENERAL LITIGATION On July 31, 2009, the Attorney General for the State of Illinois filed a civil lawsuit against Wells Fargo & Company, Wells Fargo Bank, N.A. and Wells Fargo Financial Illinois, Inc. in the Circuit Court for Cook County, Illinois. The Illinois Attorney General alleges that the Wells Fargo defendants engaged in illegal discrimination by "reverse redlining" and by steering African-American and Latino customers into high cost, subprime mortgage loans while other borrowers with similar incomes received lower cost mortgages. Illinois also alleges that Wells Fargo Financial Illinois, Inc. misled Illinois customers about the terms of mortgage loans. Illinois' complaint against all Wells Fargo defendants is based on alleged violation of the Illinois Human Rights Act and the Illinois Fairness in Lending Act. The complaint also alleges that Wells Fargo Financial Illinois, Inc. violated the Illinois Consumer Fraud and Deceptive Business Practices Act and the Illinois
Uniform Deceptive Trade Practices Act. Illinois' complaint seeks an injunction against the defendants' alleged violation of these Illinois statutes, restitution to consumers and civil money penalties. On October 9, 2009, the Company filed a motion to dismiss Illinois' complaint, and is awaiting the Court's ruling.

IN RE WELLS FARGO MORTGAGE-BACKED CERTIFICATES LITIGATION This lawsuit is comprised of several securities law based putative class actions, consolidated in the U.S. District Court for the Northern District of California on July 16, 2009. The case is brought against several Wells Fargo mortgage-backed securities trusts, Wells Fargo Bank, N.A. and other affiliated entities, individual employee defendants, along with various underwriters and rating agencies. The plaintiffs allege that the offering documents contain untrue statements of material fact, or omit to state material facts necessary to make the registration statements and accompanying prospectuses not misleading. The allegations are regarding the underwriting standards used in connection with the
origination of the underlying mortgages, the maximum loan-to-value ratios used to qualify borrowers, and the appraisals of the properties underlying the mortgages. Motions to dismiss, filed on behalf of all defendants, were granted in part and denied in part by a court order entered on April 22, 2010. The plaintiffs were granted leave to amend some of their claims. On May 28, 2010, plaintiffs filed an amended consolidated complaint. On June 25, 2010, Wells Fargo moved to dismiss the amended complaint. On October 5, 2010, Wells Fargo's motion to dismiss the amended complaint was granted in part and denied in part.

On June 29, 2010 and on July 15, 2010, two complaints, the first captioned *The Charles Schwab Corporation vs. Merrill Lynch, Pierce, Fenner & Smith, Inc., et al.*, and the second captioned *The Charles Schwab Corporation v. BNP Paribas Securities Corp., et al.*, were filed in the Superior Court for the State of California, San Francisco County against a number of defendants, including Wells Fargo Bank, N.A. and Wells Fargo Asset Securities Corporation. As against the Wells Fargo entities, the new cases assert opt out claims relating to the claims alleged in the Mortgage-Backed Certificates Litigation.

On October 15, 2010, three actions, captioned *Federal Home Loan Bank of Chicago v. Banc of America Funding Corporation, et al.* (filed in the Cook County Circuit Court, State of Illinois); *Federal Home Loan Bank of Chicago v. Banc of America Securities LLC, et al.* (filed in the Superior Court of the State of California for the County of Los Angeles); and *Federal Home Loan Bank of Indianapolis v. Banc of America Mortgage America Securities, Inc., et al.* (filed in the Superior Court of the State of Indiana for the County of Marion), named multiple defendants, described as issuers/depositors, and underwriters/dealers of private label mortgage-backed securities, in an action asserting claims that defendants used false and misleading statements in offering documents for the sale of such securities. The Bank of Chicago asserts that it purchased approximately $4.2 billion and the Bank of Indianapolis asserts that it purchased nearly $3 billion of such securities from the defendants. Plaintiffs seek rescission of the sales and damages under state securities and other laws and Section 11 of the Securities Act of 1933. Wells Fargo Asset Securities Corporation, Wells Fargo Bank, N.A. and Wells Fargo & Company were named among the defendants.

INTERCHANGE LITIGATION Wells Fargo Bank, N.A., Wells Fargo & Company, Wachovia Bank, N.A. and Wachovia Corporation are named as defendants, separately or in combination, in putative class actions filed on behalf of a plaintiff class of merchants and in individual actions brought by individual merchants with regard to the interchange fees associated with Visa and MasterCard payment card transactions. These actions have been consolidated in the United States District Court for the Eastern District of New York. Visa, MasterCard and several banks and bank holding companies are named as defendants in various of these actions. The amended and consolidated complaint asserts claims against defendants based on alleged violations of federal and state antitrust laws and seeks damages, as well as injunctive relief. Plaintiff merchants allege that Visa, MasterCard and payment card issuing banks unlawfully colluded to set interchange rates. Plaintiffs also allege that enforcement of certain Visa and MasterCard rules and alleged tying and bundling of services offered to merchants are

anticompetitive. Wells Fargo and Wachovia, along with other defendants and entities, are parties to Loss and Judgment Sharing Agreements, which provide that they, along with other entities, will share, based on a formula, in any losses from the Interchange Litigation.

LE-NATURE'S, INC. Wachovia Bank, N.A. was the administrative agent on a $285 million credit facility extended to Le-Nature's, Inc. in September 2006, of which approximately $270 million was syndicated to other lenders by Wachovia Capital Markets, LLC. Le-Nature's was the subject of a Chapter 7 bankruptcy petition, which was converted to a Chapter 11 bankruptcy petition in November 2006 in the U.S. Bankruptcy Court for the Western District of Pennsylvania. The filing was precipitated by an apparent fraud relating to Le-Nature's financial condition. Wachovia Capital Markets, LLC and/or Wachovia Bank, N.A. are named as defendants in a number of lawsuits including the following: (1) a case filed in the New York State Supreme Court for the County of Manhattan by hedge fund purchasers of the bank debt seeking to recover from Wachovia on various theories of liability (On May 10, 2010, the Court granted Wachovia's motion to dismiss two counts of the complaint and denied the motion to dismiss two other counts); (2) a case filed on April 28, 2008, by holders of a Le-Nature's Senior Subordinated Notes offering underwritten by Wachovia Capital Markets in June 2003, alleging various fraud claims, pending in the Superior Court of the State of California for the County of Los Angeles; and (3) an action filed on October 30, 2008, on behalf of the liquidation trust created in Le-Nature's bankruptcy against a number of individuals and entities, including Wachovia Capital Markets, LLC and Wachovia Bank, N.A., in the U.S. District Court for the Western District of Pennsylvania, asserting a variety of claims on behalf of the bankruptcy estate. On September 16, 2009, the Court dismissed a cause of action for breach of fiduciary duty but denied the remainder of Wachovia's motion to dismiss. Discovery is underway in these matters.

MERGER RELATED LITIGATION On October 4, 2008, Citigroup, Inc. purported to commence an action in the Supreme Court of the State of New York for the County of Manhattan, captioned *Citigroup, Inc. v. Wachovia Corp., et al.*, naming as defendants Wachovia Corporation, Wells Fargo & Company, and the directors of both companies. The complaint alleged that Wachovia breached an exclusivity agreement with Citigroup, which by its terms was to expire on October 6, 2008, by entering into negotiations and an eventual acquisition agreement with Wells Fargo, and that Wells Fargo and the individual defendants had tortiously interfered with the same contract. On October 4, 2008, Wachovia filed a complaint in the U.S. District Court for the Southern District of New York, captioned *Wachovia Corp. v. Citigroup, Inc.* The complaint sought declaratory and injunctive relief, stating that the Wells Fargo merger agreement is valid, proper, and not prohibited by the exclusivity agreement. On March 20, 2009, the
U.S. District Court for the Southern District of New York remanded the *Citigroup, Inc. v. Wachovia Corp., et al.* case to the Supreme Court of the State of New York for the County of Manhattan, but retained jurisdiction over the
Wachovia v. Citigroup case. These cases were settled by Wells Fargo's payment of $100 million to Citigroup in November, 2010. On November 23, 2010, both cases were dismissed at the request of the parties.

MORTGAGE FORECLOSURE DOCUMENT LITIGATION Seven purported class actions and several individual borrower actions related to foreclosure document practices were filed in late 2010 and in early 2011 against Wells Fargo Bank, N.A. in its status as mortgage servicer. The cases have been brought in state and federal courts. Of the individual borrower cases, the majority are filed in state courts in California and Ohio. Two other class actions were filed against Wells Fargo Bank, but Wells Fargo is named as a defendant as corporate trustee of the mortgage trust and not as a mortgage servicer. The actions generally claim that Wells Fargo submitted "fraudulent" or "untruthful" affidavits or other foreclosure documents to courts to support foreclosures filed in the state. Specifically, plaintiffs allege that Wells Fargo signers did not have personal knowledge of the facts alleged in the documents and did not verify the information in the documents ultimately filed with courts to foreclose. Plaintiffs attempt to state legal claims ranging from wrongful foreclosure to deceptive practices to fraud and seek relief ranging from cancellation of notes and mortgages to money damages.

On December 20, 2010, the New Jersey Supreme Court, the New Jersey Administrative Office of the Courts, and the Superior Court of New Jersey for Mercer County jointly began an action against Wells Fargo and other large mortgage servicing companies in state court in New Jersey. This action seeks to enjoin pending foreclosures and sales and to require servicers to certify and prove compliance with new foreclosure procedures in New Jersey, or be held in contempt of court. Wells Fargo has filed its initial response to the New Jersey action.

MORTGAGE RELATED REGULATORY INVESTIGATIONS Several government agencies are conducting investigations or examinations of various mortgage related practices of Wells Fargo Bank. The investigations relate to two main topics, (1) whether Wells Fargo may have violated fair lending or other laws and regulations relating to mortgage origination practices; and (2) whether Wells Fargo's practices and procedures relating to mortgage foreclosure affidavits and documents relating to the chain of title to notes and mortgage documents are adequate. With regard to the investigations into foreclosure practices, it is likely that one or more of the government agencies will initiate some type of enforcement action

against Wells Fargo, which may include civil money penalties. Wells Fargo continues to provide information requested by the various agencies.

MUNICIPAL DERIVATIVES BID PRACTICES INVESTIGATION The Department of Justice (DOJ) and the SEC, beginning in November 2006, have been requesting information from a number of financial institutions, including Wachovia Bank, N.A.'s municipal derivatives group, generally with regard to competitive bid practices in the municipal derivative markets. In connection with these inquiries, Wachovia Bank has received subpoenas from both the DOJ and SEC as well as requests from other regulatory agencies and several states seeking documents and information. The DOJ and the SEC have advised Wachovia Bank that they believe certain of its employees engaged in improper conduct in conjunction with certain competitively bid transactions and, in November 2007, the DOJ notified two Wachovia Bank employees, both of whom have since been terminated, that they are regarded as targets of the DOJ's investigation. Wachovia Bank has been cooperating fully with the government investigations.

Wachovia Bank, along with a number of other banks and financial services companies, has also been named as a defendant in a number of substantially identical purported class actions filed in various state and federal courts by various municipalities alleging they have been damaged by the activity which is the subject of the government investigations. These cases are now consolidated under the caption *In re Municipal Derivatives Antitrust Litigation* in the U.S. District Court for the Southern District of New York. On April 30, 2009, the Court granted a motion filed by Wachovia and certain other defendants to dismiss the Consolidated Class Action Complaint and dismissed all claims against Wachovia, with leave to replead. A Second Consolidated Amended Complaint was filed on June 18, 2009, and a motion to dismiss that complaint was denied. A number of putative class and individual actions have also been brought in various courts, including complaints which were amended with new allegations and the addition of Wells Fargo & Co. as a defendant. These cases all have allegations substantially similar to those in the consolidated class complaint. All of the cases are being coordinated in the U.S. District Court for the Southern District of New York.

ORDER OF POSTING LITIGATION A series of putative class actions have been filed against Wachovia Bank, N.A. and Wells Fargo Bank, N.A., as well as many other banks, challenging the high to low order in which the Banks post debit card transactions to consumer deposit accounts. There are currently 12 such cases pending against Wells Fargo Bank (including the Wachovia Bank cases to which Wells Fargo succeeded), all but three of which have been consolidated in multi-district litigation proceedings in the U.S. District Court for the Southern District of Florida. On August 10, 2010, the U.S. District Court for the Northern District of California issued an order in *Gutierrez v. Wells Fargo Bank, N.A.*, one of the three cases that were not consolidated in the multi-district proceedings, enjoining the Bank's use of the high to low posting method for debit card transactions with respect to the plaintiff class of California depositors, directing that the Bank establish a different posting methodology and ordering remediation in the approximate amount of $203 million. On October 26, 2010, a final judgment was entered in Gutierrez. On October 28, 2010, Wells Fargo appealed to the U.S. Court of Appeals for the Ninth Circuit.

WACHOVIA EQUITY SECURITIES AND BONDS/NOTES LITIGATION

A purported securities class action, *Lipetz v. Wachovia Corporation, et al.*, was filed on July 7, 2008, in the U.S. District Court for the Southern District of New York alleging violations of Sections 10 and 20 of the Securities Exchange Act of 1934. An amended complaint was filed on December 15, 2008. Among other allegations, plaintiffs allege Wachovia's common stock price was artificially inflated as a result of allegedly misleading disclosures relating to the Golden West Financial Corp. mortgage portfolio, Wachovia's exposure to other mortgage related products such as CDOs, control issues and auction rate securities. On March 19, 2009, the defendants filed a motion to dismiss the amended class action complaint in the Lipetz case, which has now been re-captioned as *In re Wachovia Equity Securities Litigation*. There are four additional cases (not class actions) containing allegations similar to the allegations in the *In re Wachovia Equity Securities Litigation* captioned *Stichting Pensioenfonds ABP v. Wachovia Corp. et al., FC Holdings AB, et al. v. Wachovia Corp., et al., Deka Investment GmbH v. Wachovia Corp. et al. and Forsta AP-Fonden v. Wachovia Corp., et al.*, respectively, which were filed in the U.S. District Court for the Southern District of New York, and there are a number of other similar actions filed in state courts in North Carolina and South Carolina by individual shareholders. Two of the individual shareholder actions in South Carolina have been dismissed and the shareholders have appealed.

After a number of procedural motions, three purported class action cases alleging violations of Sections 11, 12, and 15 of the Securities Act of 1933 as a result of allegedly misleading disclosures relating to the Golden West mortgage portfolio in connection with Wachovia's issuance of various preferred securities and bonds were transferred to the U.S. District Court for the Southern District of New York. A consolidated class action complaint was filed on September 4, 2009, and the matter is now captioned *In Re Wachovia Preferred Securities and Bond/Notes Litigation*. On September 29, 2009, a non-class action case containing allegations similar to the allegations in the *In re Wachovia Preferred Securities and Bond/Notes* litigation, and captioned *City of Livonia Employees' Retirement System v. Wachovia Corp et al.*, was filed in the Southern District of New York. On May 3, 2010, the judge in the Southern District of New York issued an order granting Plaintiffs leave to

amend the class action and other complaints pending in that court, and directing the parties to submit a schedule for the filing of the amended complaints and new motions to dismiss. This order terminates the motions to dismiss the prior complaints which had been pending. Amended complaints were filed in all the actions in May 2010 and renewed motions to dismiss have been filed in each case.

OUTLOOK When establishing a liability for contingent litigation losses, the Company determines a range of potential losses for each matter that is both probable and estimable, and records the amount it considers to be the best estimate within the range. The high end of the range of potential litigation losses in excess of the Company's best estimates within the range of potential losses used in establishing the total litigation liability was $1.2 billion as of December 31, 2010. For these matters and others where an unfavorable outcome is reasonably possible but not probable, there may be a range of possible losses in excess of the established liability that cannot be estimated. Based on information currently available, advice of counsel, available insurance coverage and established reserves, Wells Fargo believes that the eventual outcome of the actions against Wells Fargo and/or its subsidiaries, including the matters described above, will not, individually or in the aggregate, have a material adverse effect on Wells Fargo's consolidated financial position. However, in the event of unexpected future developments, it is possible that the ultimate resolution of those matters, if unfavorable, may be material to Wells Fargo's results of operations for any particular period.

Note 11: Legal Actions 10-Q May 6, 2011 Wells

Note 11: Legal Actions

The following supplements and amends our discussion of certain matters previously reported in Item 3 (Legal Proceedings) of our 2010 Form 10-K for events occurring in first quarter 2011.

ERISA LITIGATION A hearing on final approval of the settlement of the In re Wachovia Corporation ERISA Litigation is scheduled before the U.S. District Court for the Western District of North Carolina on August 25, 2011.

A hearing on final approval of the settlement of Figas v. Wells Fargo & Company, et al. is scheduled before the U.S. District Court for the District of Minnesota on July 21, 2011.

IN RE WELLS FARGO MORTGAGE-BACKED CERTIFICATES LITIGATION A hearing on plaintiffs' motion for class certification has been scheduled for June 23, 2011.

MORTGAGE FORECLOSURE DOCUMENT LITIGATION On March 29, 2011, Wells Fargo, along with other mortgage servicers, entered into a stipulation in connection with the action commenced by the New Jersey Supreme Court, the New Jersey Administrative Office of the Courts and the Superior Court of New Jersey for Mercer County providing for the appointment of a special master to review mortgage foreclosure affidavit processes.

MORTGAGE RELATED REGULATORY INVESTIGATIONS On March 31, 2011, Wells Fargo Bank, N.A. (the Bank) entered into a Consent Order with the Office of the Comptroller of the Currency (OCC) under which the OCC made certain findings in connection with the Bank's foreclosure practices, which findings the Bank neither admitted nor denied. The Bank agreed in the consent order, among other things, and subject to the OCC's approval (i) to establish a Compliance Committee to monitor and coordinate the Bank's compliance with the Consent Order; (ii) to create a comprehensive Action Plan describing the actions needed to achieve compliance with the Consent Order; (iii) to submit an acceptable compliance plan to ensure that its mortgage servicing and foreclosure operations, including loss mitigation and loan modification, comply with legal requirements, OCC supervisory guidance, and the terms of the Consent Order; (iv) to submit a plan to ensure appropriate controls and oversight of the Bank's activities with respect to the Mortgage Electronic Registration System; (v) to take certain other actions with respect to its mortgage servicing and foreclosure operations; and (vi) to conduct a foreclosure review through an independent consultant on certain residential foreclosure actions. On April 4, 2011, Wells Fargo & Company (Wells Fargo) entered into a Consent Order with the Board of Governors of the Federal Reserve pursuant to which Wells Fargo agreed, among other things, (i) to ensure the Bank's compliance with the OCC Consent Order; (ii) to develop for the Federal Reserve's approval a written plan to enhance its Enterprise Risk Management with respect to oversight of residential mortgage loan servicing; (iii) to develop for the Federal Reserve's approval a written plan to enhance its enterprise-wide compliance program with respect to oversight of residential mortgage loan
servicing; and (iv) to develop for the Federal Reserve's approval a written plan to enhance the internal audit program with respect to residential mortgage loan servicing. Neither Consent Order provided for civil money penalties but both government entities reserved the ability to seek such penalties and Wells Fargo reserved the ability to oppose the imposition of such penalties. In addition, as previously disclosed in our 2010 Form 10-K, other government agencies, including state attorneys general and the U.S. Department of Justice, continue to investigate various mortgage related practices of the Bank

and other major mortgage servicers. Wells Fargo continues to cooperate with these investigations. These investigations could result in material fines, penalties, equitable remedies (including requiring default servicing or other process changes), or other enforcement actions, and result in significant legal costs in responding to governmental investigations and additional litigation.

WACHOVIA EQUITY SECURITIES AND BONDS/NOTES LITIGATION On March 31, 2011, the U.S. District Court for the Southern District of New York entered a Decision and Order granting Wachovia's motions to dismiss the In re Wachovia Equity Securities Litigation and the Stichting Pensioenfonds ABP, FC Holdings AB, Deka Investment GmbH and Forsta AP-Fonden cases. By the same Decision and Order, the Court granted in part and denied in part Wachovia's motion to dismiss the In re Wachovia Preferred Securities and Bond/Notes Litigation , allowing that case to go forward after limiting the number of offerings at issue.

OUTLOOK When establishing a liability for contingent litigation losses, the Company determines a range of potential losses for each matter that is both probable and estimable, and records the amount it considers to be the best estimate within the range. The high end of the range of potential litigation losses in excess of the Company's best estimates within the range of potential losses used in establishing the total litigation liability was $1.7 billion as of March 31, 2011. For these matters and others where an unfavorable outcome is reasonably possible but not probable, there may be a range of possible losses in excess of the established liability that cannot be estimated. Based on information currently available, advice of counsel, available insurance coverage and established reserves, Wells Fargo believes that the eventual outcome of the actions against Wells Fargo and/or its subsidiaries, including the matters described above, will not, individually or in the aggregate, have a material adverse effect on Wells Fargo's consolidated financial position. However, in the event of unexpected future developments, it is possible that the ultimate resolution of those matters, if unfavorable, may be material to Wells Fargo's results of operations for any particular period.

Wells Fargo & Company Note 11: Legal Actions As Presented in August 5, 2011 10-Q

The following supplements and amends our discussion of certain matters previously reported in Item 3 (Legal Proceedings) of our 2010 Form 10-K, and Part II, Item 1 (Legal Proceedings) of our 2011 first quarter Quarterly Report on Form 10-Q for events occurring in second quarter 2011.

ELAVON LITIGATION On May 23, 2011, the Court entered an order granting plaintiff's motion for partial summary judgment and denying Wells Fargo's motion for partial summary judgment, ruling that Wells Fargo's termination of the contract at issue was invalid and dismissing several of Wells Fargo's affirmative defenses. The Court has set a trial date of the remaining issues for September 21, 2011.

ERISA LITIGATION The U.S. District Court for the District of Minnesota is considering final approval of the $17.5 million settlement in Figas v. Wells Fargo & Company, et al.

IN RE WELLS FARGO MORTGAGE-BACKED CERTIFICATES LITIGATION On May 27, 2011, Wells Fargo and the plaintiffs agreed to settle the matter captioned In re Wells Fargo Mortgage-Backed Securities Litigation for $125 million. On July 26, 2011, the Court entered an order preliminarily approving the settlement.

On April 20, 2011, a case captioned Federal Home Loan of Boston v. Ally Financial, Inc., et al., was filed in the Superior Court of the Commonwealth of Massachusetts for the County of Suffolk. The case names, among a large number of parties, Wells Fargo & Company, Wells Fargo Asset Securitization Corporation and Wells Fargo Bank, National Association as parties and contains allegations substantially similar to the cases filed by the other Federal Home Loan Banks.

On April 28, 2011, a case captioned The Union Central Life Insurance Company, et al. v. Credit Suisse First Boston Securities Corp., et al., was filed in the U.S. District Court for the Southern District of New York. Among other defendants, it names Wells Fargo Asset Securitization Corporation and Wells Fargo Bank, National Association. The case asserts various state law fraud claims and claims for violations of sections 10(b) and 20(a) of the Securities Exchange Act of 1934 on behalf of three insurance companies, relating to offerings of mortgage-backed securities from 2005 through 2007.

In addition, there are other cases involving other issuers of mortgage-backed certificates where Wells Fargo may have indemnity obligations because the pools of mortgages backing the certificates contain mortgages originated by Wells Fargo.

MORTGAGE RELATED REGULATORY INVESTIGATIONS On March 31, 2011, Wells Fargo Bank, N.A. (the Bank) entered into a Consent Order with the Office of the Comptroller of the Currency (OCC) under which the OCC made certain findings in connection with the Bank's foreclosure practices, which findings the Bank neither admitted nor denied. The Bank agreed in the consent order, among other things, and subject to the OCC's approval (i) to establish a Compliance Committee to monitor and coordinate the Bank's compliance with the Consent Order;

(ii) to create a comprehensive Action Plan describing the actions needed to achieve compliance with the Consent Order; (iii) to submit an acceptable compliance plan to ensure that its mortgage servicing and foreclosure operations, including loss mitigation and loan modification, comply with legal requirements, OCC supervisory guidance, and the terms of the Consent Order; (iv) to submit a plan to ensure appropriate controls and oversight of the Bank's activities with respect to the Mortgage Electronic Registration System; (v) to take certain other actions with respect to its mortgage servicing and foreclosure operations; and (vi) to conduct a foreclosure review through an independent consultant on certain residential foreclosure actions. On April 4, 2011, Wells Fargo & Company (Wells Fargo) entered into a Consent Order with the Board of Governors of the Federal Reserve pursuant to which Wells Fargo agreed, among other things, (i) to ensure the Bank's compliance with the OCC Consent Order; (ii) to develop for the Federal Reserve's approval a written plan to enhance its Enterprise Risk Management with respect to oversight of residential mortgage loan servicing; (iii) to develop for the Federal Reserve's approval a written plan to enhance its enterprise-wide compliance program with respect to oversight of residential mortgage loan servicing; and (iv) to develop for the Federal Reserve's approval a written plan to enhance the internal audit program with respect to residential mortgage loan servicing. Neither Consent Order provided for civil money penalties but both government entities reserved the ability to seek such penalties and Wells Fargo reserved the ability to oppose the imposition of such penalties.

On July 20, 2011, Wells Fargo & Company and Wells Fargo Financial, Inc. entered into an Order to Cease and Desist and Order of Assessment of a Civil Money Penalty Issued Upon Consent (the "Order") with the Board of Governors of the Federal Reserve System (FRB) which resolved an investigation of Wells Fargo Financial's mortgage lending activities by the FRB. The Order provides, among other things, that (i) Wells Fargo shall submit to the FRB within 90 days of the Order a plan, acceptable to the FRB, for overseeing fraud prevention and detection and for compliance with certain federal and state laws applicable to unfair and deceptive practices and certain other laws applicable to mortgage lending; (ii) Wells Fargo shall submit to the FRB within 90 days of the Order a plan, acceptable to the FRB, for overseeing the implementation and modification of incentive compensation and performance management programs for sales, sales management and underwriting personnel with respect to mortgage lending within the Wells Fargo organization; (iii) Wells Fargo shall submit within 90 days of the Order a plan, acceptable to the FRB, for the remediation to borrowers who entered into loans with Wells Fargo Financial beginning January 1, 2004 through September 2008 where the loans were based on income documents that were altered or falsified by sales personnel; (iv) Wells Fargo shall submit within 90 days of the Order a plan, acceptable to the FRB, for the remediation to borrowers who received mortgage loans through Wells Fargo Financial at non-prime prices during the period from January 1, 2006 through September 2008 but whose mortgage loans may have qualified for prime pricing. In addition to these provisions to submit plans for compliance and compensation changes and for remediation payments to certain Wells Fargo Financial borrowers, the Order imposes a civil money penalty of $85 million on Wells Fargo.

Other government agencies, including state attorneys general and the U.S. Department of Justice, continue to investigate various mortgage related practices of the Bank. These investigations could result in material fines, penalties, equitable remedies (including requiring default servicing or other process changes), or other enforcement actions, and result in significant legal costs in responding to governmental investigations and additional litigation.

WACHOVIA EQUITY SECURITIES AND BONDS/NOTES LITIGATION The plaintiffs in the In re Wachovia Equity Securities Litigation and the Stichting Pensioenfords ABP, FC Holdings AB, Deka Investments GmbH and Forsta AP-Fonden cases have appealed the March 31, 2011 Decision and Order dismissing their cases.

Wells Fargo and the plaintiffs have agreed in principle to settle the In re Wachovia Preferred Securities and Bond/Notes Litigation for $590 million. The proposed settlement is subject to Court approval. The proposed settlement amount has been reflected in Wells Fargo's financial statements and will not have a material adverse effect on Wells Fargo's consolidated financial position.

OUTLOOK The Company establishes a liability for contingent litigation losses when it determines that a potential loss is both probable and estimable. In addition, for significant matters, the Company determines a range of potential loss that is

reasonably possible. The high end of the range of reasonably possible potential litigation losses in excess of the Company's liability for probable and estimable losses was $1.6 billion as of June 30, 2011. For these matters and others where an unfavorable outcome is reasonably possible but not probable, there may be a range of possible losses in excess of the established liability that cannot be estimated. Based on information currently available, advice of counsel, available insurance coverage and established reserves, Wells Fargo believes that the eventual outcome of the actions against Wells Fargo and/or its subsidiaries, including the matters described above, will not, individually or in the aggregate, have a material adverse effect on Wells Fargo's consolidated financial position. However, in the event of unexpected future developments, it is possible that the ultimate resolution of those matters, if unfavorable, may be material to Wells Fargo's results of operations for any particular period.

Note 11: Legal Actions

The following supplements our discussion of certain matters previously reported in Part I, Item 3 (Legal Proceedings) of our Annual Report on Form 10-K for the year ended December 31, 2010 and in Part II, Item 1 (Legal Proceedings) of our Quarterly Reports on Form 10-Q for the periods ended March 31, 2011 and June 30, 2011.

ELAVON LITIGATION The parties have agreed to settle the case. Payment will occur upon final documentation of the settlement. The settlement was accounted for in prior periods and will not have an adverse effect on the Company's consolidated financial position.

ERISA LITIGATION The U.S. District Court for the District of Minnesota granted final approval of the $17.5 million settlement in *Figas v. Wells Fargo & Company, et al.*, on August 9, 2011.

The U. S. District Court for the Western District of North Carolina granted final approval of the $12.4 million settlement in *In re Wachovia Corporation ERISA Litigation* on October 24, 2011.

ILLINOIS ATTORNEY GENERAL LITIGATION On October 26, 2011 the Illinois Court issued an order granting, in part, and denying, in part, Wells Fargo's motion to dismiss. The Court dismissed Wells Fargo & Company as a party and dismissed Count III of the complaint, which alleged violations of the Illinois Fair Lending Act. The Court denied the remainder of the motion to dismiss.

IN RE WELLS FARGO MORTGAGE-BACKED CERTIFICATES LITIGATION On May 27, 2011, Wells Fargo and the plaintiffs agreed to settle the matter captioned *In re Wells Fargo Mortgage-Backed Securities Litigation* for $125 million. On July 26, 2011, the Court entered an order preliminarily approving the settlement. The hearing on final approval of the settlement took place on October 27, 2011, and we await the Court's ruling. Some class members have opted out of the settlement, with the most significant being the Federal National Mortgage Association (Fannie Mae), the Federal Home Loan Mortgage Corporation (Freddie Mac) and American International Group, Inc.

On April 20, 2011, a case captioned *Federal Home Loan of Boston v. Ally Financial, Inc., et al.*, was filed in the Superior Court of the Commonwealth of Massachusetts for the County of Suffolk. The case names, among a large number of parties, Wells Fargo & Company, Wells Fargo Asset Securitization Corporation and Wells Fargo Bank, National Association as parties and contains allegations substantially similar to the cases filed by the other Federal Home Loan Banks.

On April 28, 2011, a case captioned *The Union Central Life Insurance Company, et al. v. Credit Suisse First Boston Securities Corp., et al.*, was filed in the U.S. District Court for the Southern District of New York. Among other defendants, it names Wells Fargo Asset Securitization Corporation and Wells Fargo Bank, National Association. The case asserts various state law fraud claims and claims for violations of sections 10(b) and 20(a) of the Securities Exchange Act of 1934 on behalf of three insurance companies, relating to offerings of mortgage-backed securities from 2005 through 2007.

In addition, there are other cases involving other issuers of mortgage-backed certificates where Wells Fargo may have indemnity obligations because the pools of mortgages backing the certificates contain mortgages originated by Wells Fargo.

LE-NATURE'S, INC. The Le-Nature's cases have settled for the total sum of $95 million. The settlement was accounted for in prior periods and payment did not have an adverse effect on Wells Fargo's consolidated financial position.

MEDICAL CAPITAL CORPORATION LITIGATION Wells Fargo Bank, N.A. served as indenture trustee for debt issued by affiliates of Medical Capital Corporation, which was placed in receivership at the request of the Securities and Exchange Commission in August 2009. Since September 2009, Wells Fargo has been named as a defendant in various class and mass actions brought by holders of Medical Capital Corporation's debt, alleging that Wells Fargo breached contractual and other legal obligations owed to them and seeking unspecified damages.

The actions have been consolidated in the United States District Court for the Central District of California. On July 26, 2011, the District Court certified a class consisting of holders of notes issued by affiliates of Medical Capital Corporation and, on October 18, 2011, the Ninth Circuit Court of Appeals denied a petition seeking to appeal the class certification order.

MUNICIPAL DERIVATIVES BID PRACTICES INVESTIGATION The plaintiffs and Wells Fargo agreed to settle the *In re Municipal Derivatives Antitrust Litigation* on October 21, 2011. The settlement is subject to court approval and, if approved, will result in Wells Fargo paying an amount equal to the greater of $37 million or 65% of the restitution amount of a future settlement, if any, with the various state Attorneys General of their investigation of Wachovia.

OUTLOOK The Company establishes a liability for contingent litigation losses when it determines that a potential loss is both probable and estimable. In addition, for significant matters, the Company determines a range of potential loss that is reasonably possible. The high end of the range of reasonably possible potential litigation losses in excess of the Company's liability for probable and estimable losses was $1.6 billion as of September 30, 2011. For these matters and others where an unfavorable outcome is reasonably possible but not probable, there may be a range of possible losses in excess of the established liability that cannot be estimated. Based on information currently available, advice of counsel, available insurance coverage and established reserves, Wells Fargo believes that the eventual outcome of the actions against Wells Fargo and/or its subsidiaries, including the matters described above, will not, individually or in the aggregate, have a material adverse effect on Wells Fargo's consolidated financial position.

Note 15: Legal Actions (Annual Report 2011) – as presented in 10-K issued 2/28/2012

Wells Fargo and certain of our subsidiaries are involved in a number of judicial, regulatory and arbitration proceedings concerning matters arising from the conduct of our business activities. These proceedings include actions brought against Wells Fargo and/or our subsidiaries with respect to corporate related matters and transactions in which Wells Fargo and/or our subsidiaries were involved. In addition, Wells Fargo and our subsidiaries may be requested to provide information or otherwise cooperate with government authorities in the conduct of investigations of other persons or industry groups.

Although there can be no assurance as to the ultimate outcome, Wells Fargo and/or our subsidiaries have generally denied, or believe we have a meritorious defense and will deny, liability in all significant litigation pending against us, including the matters described below, and we intend to defend vigorously each case, other than matters we describe as having settled. Reserves are established for legal claims when payments associated with the claims become probable and the costs can be reasonably estimated. The actual costs of resolving legal claims may be substantially higher or lower than the amounts reserved for those claims.

ILLINOIS ATTORNEY GENERAL LITIGATION On July 31, 2009, the Attorney General for the State of Illinois filed a civil lawsuit against Wells Fargo & Company, Wells Fargo Bank, N.A. and Wells Fargo Financial Illinois, Inc. in the Circuit Court for Cook County, Illinois. The Illinois Attorney General alleges that the Wells Fargo defendants engaged in illegal discrimination by "reverse redlining" and by steering African-American and Latino customers into high cost, subprime mortgage loans while other borrowers with similar incomes received lower cost mortgages. Illinois also alleges that Wells Fargo Financial Illinois, Inc. misled Illinois customers about the terms of mortgage loans. Illinois' complaint against all Wells Fargo defendants is based on alleged violation of the Illinois Human Rights Act and the Illinois Fairness in Lending Act. The complaint also alleges that Wells Fargo Financial Illinois, Inc. violated the Illinois Consumer Fraud and Deceptive Business Practices Act and the Illinois Uniform Deceptive Trade Practices Act. Illinois' complaint seeks an injunction against the defendants' alleged violation of these Illinois statutes, restitution to consumers and civil money penalties. On October 26, 2011, the Illinois Court issued an order granting, in part, and denying, in part, Wells Fargo's motion to dismiss. The Court dismissed Wells Fargo & Company as a party and dismissed Count III of the complaint, which alleged violations of the Illinois Fair Lending Act. The Court denied the remainder of the motion to dismiss.

INTERCHANGE LITIGATION Wells Fargo Bank, N.A., Wells Fargo & Company, Wachovia Bank, N.A. and Wachovia Corporation are named as defendants, separately or in combination, in putative class actions filed on behalf of a plaintiff class of merchants and in individual actions brought by individual merchants with regard to the interchange fees associated

with Visa and MasterCard payment card transactions. These actions have been consolidated in the United States District Court for the Eastern District of New York. Visa, MasterCard and several banks and bank holding companies are named as defendants in various of these actions. The amended and consolidated complaint asserts claims against defendants based on alleged violations of federal and state antitrust laws and seeks damages, as well as injunctive relief. Plaintiff merchants allege that Visa, MasterCard and payment card issuing banks unlawfully colluded to set interchange rates. Plaintiffs also allege that enforcement of certain Visa and MasterCard rules and alleged tying and bundling of services offered to merchants are anticompetitive. Wells Fargo and Wachovia, along with other defendants and entities, are parties to Loss and Judgment Sharing Agreements, which provide that they, along with other entities, will share, based on a formula, in any losses from the Interchange Litigation.

MEDICAL CAPITAL CORPORATION LITIGATION Wells Fargo Bank, N.A. served as indenture trustee for debt issued by affiliates of Medical Capital Corporation, which was placed in receivership at the request of the Securities and Exchange Commission (SEC) in August 2009. Since September 2009, Wells Fargo has been named as a defendant in various class and mass actions brought by holders of Medical Capital Corporation's debt, alleging that Wells Fargo breached contractual and other legal obligations owed to them and seeking unspecified damages. The actions have been consolidated in the United States District Court for the Central District of California. On July 26, 2011, the District Court certified a class consisting of holders of notes issued by affiliates of Medical Capital Corporation and, on October 18, 2011, the Ninth Circuit Court of Appeals denied a petition seeking to appeal the class certification order.

MORTGAGE-BACKED CERTIFICATES LITIGATION Several securities law based putative class actions were consolidated in the U.S. District Court for the Northern District of California on July 16, 2009, under the caption In re Wells Fargo Mortgage-Backed Certificates Litigation. The case asserted claims against several Wells Fargo mortgage backed securities trusts, Wells Fargo Bank, N.A. and other affiliated entities, individual employee defendants, along with various underwriters and rating agencies. The plaintiffs alleged that the offering documents contain untrue statements of material fact, or omit to state material facts necessary to make the registration statements and accompanying prospectuses not misleading. The parties agreed to settle the case on May 27, 2011, for $125 million. Final approval of the settlement was entered on November 14, 2011. Some class members opted out of the settlement, with the most significant being the Federal National Mortgage Association (Fannie Mae), the Federal Home Loan Mortgage Corporation (Freddie Mac) and American International Group, Inc.

On June 29, 2010, and on July 15, 2010, two complaints, the first captioned The Charles Schwab Corporation vs. Merrill Lynch, Pierce, Fenner & Smith, Inc., et al., and the second captioned The Charles Schwab Corporation v. BNP Paribas Securities Corp., et al., were filed in the Superior Court for the State of California, San Francisco County against a number of defendants, including Wells Fargo Bank, N.A. and Wells Fargo Asset Securities Corporation. As against the Wells Fargo entities, the new cases assert opt out claims relating to the claims alleged in the Mortgage-Backed Certificates Litigation.

On October 15, 2010, three actions, captioned Federal Home Loan Bank of Chicago v. Banc of America Funding Corporation, et al. (filed in the Cook County Circuit Court, State of Illinois); Federal Home Loan Bank of Chicago v. Banc of America Securities LLC, et al. (filed in the Superior Court of the State of California for the County of Los Angeles); and Federal Home Loan Bank of Indianapolis v. Banc of America Mortgage America Securities, Inc., et al. (filed in the Superior Court of the State of Indiana for the County of Marion), named multiple defendants, described as issuers/depositors, and underwriters/dealers of private label mortgage-backed securities, in an action asserting claims that defendants used false and misleading statements in offering documents for the sale of such securities. The Bank of Chicago asserts that it purchased approximately $4.2 billion and the Bank of Indianapolis asserts that it purchased nearly $3 billion of such securities from the defendants. Plaintiffs seek rescission of the sales and damages under state securities and other laws and Section 11 of the Securities Act of 1933. Wells Fargo Asset Securities Corporation, Wells Fargo Bank, N.A. and Wells Fargo & Company were named among the defendants.

On April 20, 2011, a case captioned Federal Home Loan of Boston v. Ally Financial, Inc., et al., was filed in the Superior Court of the Commonwealth of Massachusetts for the County of Suffolk. The case names, among a large number of parties, Wells Fargo & Company, Wells Fargo Asset Securitization Corporation and Wells Fargo Bank, N.A. as parties and contains allegations substantially similar to the cases filed by the other Federal Home Loan Banks.

On April 28, 2011, a case captioned The Union Central Life Insurance Company, et al. v. Credit Suisse First Boston Securities Corp., et al., was filed in the U.S. District Court for the Southern District of New York. Among other defendants, it names Wells Fargo Asset Securitization Corporation and Wells Fargo Bank, N.A. The case asserts various

state law fraud claims and claims for violations of Sections 10(b) and 20(a) of the Securities Exchange Act of 1934 on behalf of three insurance companies, relating to offerings of mortgage-backed securities from 2005 through 2007.

In addition, there are other mortgage-related threatened or asserted claims by entities or investors where Wells Fargo may have indemnity or repurchase obligations, or as to which it has entered into agreements to toll the relevant statutes of limitations.

MORTGAGE FORECLOSURE DOCUMENT LITIGATION Eight purported class actions and several individual borrower actions related to foreclosure document practices were filed in late 2010 and in early 2011 against Wells Fargo Bank, N.A. in its status as mortgage servicer or corporate trustee of mortgage trusts. The cases have been brought in state and federal courts. Five of the class actions have been dismissed or otherwise resolved. Of the individual borrower cases, the majority are filed in state courts in California and Ohio. The actions generally claim that Wells Fargo submitted "fraudulent" or "untruthful" affidavits or other foreclosure documents to courts to support foreclosures filed in the state. Specifically, plaintiffs allege that Wells Fargo signers did not have personal knowledge of the facts alleged in the documents and did not verify the information in the documents ultimately filed with courts to foreclose. Plaintiffs attempt to state legal claims ranging from wrongful foreclosure to deceptive practices or fraud and seek relief ranging from cancellation of notes and mortgages to money damages.

MORTGAGE RELATED REGULATORY INVESTIGATIONS On April 13, 2011, Wells Fargo Bank, N.A. entered into a Consent Order with the OCC and Wells Fargo & Company entered into a Consent Order with the Board of Governors of the Federal Reserve System in connection with Wells Fargo's mortgage foreclosure practices. The Consent Orders require Wells Fargo to develop and implement certain compliance programs and to take other remedial steps, which Wells Fargo is doing. On February 9, 2012, the OCC and Federal Reserve announced that they had also imposed civil money penalties of $83 million and $85 million, respectively, related to the Consent Orders. These penalties will be satisfied through payments made under a separate simultaneous settlement in principle, announced on the same day, among the Department of Justice (DOJ), a task force of Attorneys General from 49 states, other government entities, Wells Fargo and four other mortgage servicers related to mortgage servicing and foreclosure practices. Under the settlement in principle, Wells Fargo agreed to the following commitments, comprised of three components totaling $5.3 billion:

Consumer Relief Program For qualified borrowers with financial hardship and a loan owned and serviced by Wells Fargo, a commitment to provide $3.4 billion in aggregate consumer relief and assistance programs, including expanded first and second mortgage modifications that broaden the use of principal reduction to help customers achieve affordability, an expanded short sale program that includes waivers of deficiency balances, forgiveness of arrearages for unemployed borrowers, cash-for-keys payments to borrowers who voluntarily vacate properties, and "anti-blight" provisions designed to reduce the impact on communities of vacant properties. As of December 31, 2011, the expected impact of the Consumer Relief Program was covered in our allowance for credit losses and in the nonaccretable difference relating to our purchased credit-impaired residential mortgage portfolio.

Refinance Program For qualified borrowers with little or negative equity in their home and a loan owned and serviced by Wells Fargo, an expanded first-lien refinance program commitment estimated to provide $900 million of aggregate payment relief over the life of the refinanced loans. The Refinance Program will not result in any current-period charge as its impact will be recognized over a period of years in the form of lower interest income as qualified borrowers benefit from reduced interest rates on loans refinanced under the program.

Foreclosure Assistance Payment $1 billion paid directly to the federal government and the participating states for their use to address the impact of foreclosure challenges as they see fit and which may include direct payments to consumers. As of December 31, 2011, we had fully accrued for the Foreclosure Assistance Payment.

Government agencies continue investigations or examinations of other mortgage related practices of Wells Fargo. The investigations relate to two main topics, (1) whether Wells Fargo may have violated fair lending or other laws and regulations relating to mortgage origination practices; and (2) whether Wells Fargo properly disclosed in offering documents for its residential mortgage-backed securities the facts and risks associated with those securities. Wells Fargo has received a Wells notice from SEC staff relating to Wells Fargo's disclosures in mortgage-backed securities offering documents. Wells Fargo continues to provide information requested by the various agencies in connection with certain investigations.

MUNICIPAL DERIVATIVES BID PRACTICES INVESTIGATION The DOJ and the SEC, beginning in November 2006, requested information from a number of financial institutions, including Wachovia Bank, N.A.'s municipal derivatives group, with regard to competitive bid practices in the municipal derivative markets. Other state and federal

agencies subsequently also began investigations of the same practices. On December 8, 2011, a global resolution of the Wachovia Bank investigations was announced by DOJ, the Internal Revenue Service, the SEC, the OCC and a group of State Attorneys General. The investigations were settled with Wachovia Bank agreeing to pay a total of approximately $148 million in penalties and remediation to the various agencies.

Wachovia Bank, along with a number of other banks and financial services companies, was named as a defendant in a number of substantially identical purported class actions and individual actions filed in various state and federal courts by various municipalities alleging they have been damaged by the activity which is the subject of the government investigations. These cases were either consolidated under the caption In re Municipal Derivatives Antitrust Litigation or administered jointly with that action in the U.S. District Court for the Southern District of New York. The plaintiffs and Wells Fargo agreed to settle the In re Municipal Derivatives Antitrust Litigation on October 21, 2011. The settlement is subject to court approval and, if finally approved, will result in Wells Fargo paying the amount of $37 million. The settlement was preliminarily approved on December 27, 2011.

ORDER OF POSTING LITIGATION A series of putative class actions have been filed against Wachovia Bank, N.A. and Wells Fargo Bank, N.A., as well as many other banks, challenging the high to low order in which the Banks post debit card transactions to consumer deposit accounts. There are currently several such cases pending against Wells Fargo Bank (including the Wachovia Bank cases to which Wells Fargo succeeded), most of which have been consolidated in multi-district litigation proceedings in the U.S. District Court for the Southern District of Florida. The bank defendants moved to compel these cases to arbitration under recent Supreme Court authority. On November 22, 2011, the Judge denied the motion. The Banks have appealed the decision to the U.S. Court of Appeals for the Eleventh Circuit.

On August 10, 2010, the U.S. District Court for the Northern District of California issued an order in Gutierrez v. Wells Fargo Bank, N.A., a case that was not consolidated in the multi-district proceedings, enjoining the Bank's use of the high to low posting method for debit card transactions with respect to the plaintiff class of California depositors, directing that the Bank establish a different posting methodology and ordering remediation of approximately $203 million. On October 26, 2010, a final judgment was entered in Gutierrez. On October 28, 2010, Wells Fargo appealed to the U.S. Court of Appeals for the Ninth Circuit.

WACHOVIA EQUITY SECURITIES AND BONDS/NOTES LITIGATION A securities class action, now captioned In re Wachovia Equity Securities Litigation, has been pending under various names since July 7, 2008, in the U.S. District Court for the Southern District of New York alleging violations of Sections 10(b) and 20(a) of the Securities Exchange Act of 1934. Among other allegations, plaintiffs allege Wachovia's common stock price was artificially inflated as a result of allegedly misleading disclosures relating to the Golden West Financial Corp. mortgage portfolio, Wachovia's exposure to other mortgage related products such as CDOs, control issues and auction rate securities. There are four additional cases (not class actions) containing allegations similar to the allegations in the In re Wachovia Equity Securities Litigation captioned Stichting Pensioenfonds ABP v. Wachovia Corp. et al., FC Holdings AB, et al. v. Wachovia Corp., et al., Deka Investment GmbH v. Wachovia Corp. et al. and Forsta AP-Fonden v. Wachovia Corp., et al. , respectively, which were filed in the U.S. District Court for the Southern District of New York. On March 31, 2011, the U.S. District Court for the Southern District of New York entered a Decision and Order granting Wachovia's motions to dismiss the In re Wachovia Equity Securities Litigation and the Stichting Pensioenfonds ABP, FC Holdings AB, Deka Investment GmbH and Forsta AP-Fonden cases. Plaintiffs and Wells Fargo have agreed to settle the Equity Securities Litigation for $75 million and on January 27, 2012, the Court entered an order preliminarily approving the settlement. A fairness hearing on final approval of the settlement is scheduled for June 1, 2012.

After a number of procedural motions, three purported class action cases alleging violations of Sections 11, 12, and 15 of the Securities Act of 1933 as a result of allegedly misleading disclosures relating to the Golden West mortgage portfolio in connection with Wachovia's issuance of various preferred securities and bonds were transferred to the U.S. District Court for the Southern District of New York. A consolidated class action complaint was filed on September 4, 2009, and the matter was captioned In Re Wachovia Preferred Securities and Bond/Notes Litigation. On March 31, 2011, by the same Decision and Order referenced above, the court also granted in part and denied in part Wachovia's motion to dismiss the In re Wachovia Preferred Securities and Bond/Notes Litigation , allowing that case to go forward after limiting the number of offerings at issue. Wells Fargo and the plaintiffs agreed to settle the In re Wachovia Preferred Securities and Bond/Notes Litigation for $590 million. The proposed settlement was preliminarily approved by the Court on August 9, 2011. The hearing on final approval was held on November 14, 2011, and a judgment approving class action settlements was filed on January 3, 2012.

There are a number of other similar actions filed in state courts in North Carolina and South Carolina by individual shareholders. Two of the individual shareholder actions in South Carolina have been dismissed and the shareholders have appealed. On December 22, 2011, the dismissal of the Rivers v. Wachovia Corporation, et al. case, one of the two South Carolina actions, was affirmed by the U.S. Court of Appeals for the Fourth Circuit.

OUTLOOK When establishing a liability for contingent litigation losses, the Company determines a range of potential losses for each matter that is both probable and estimable, and records the amount it considers to be the best estimate within the range. The high end of the range of reasonably possible potential litigation losses in excess of the Company's liability for probable and estimable losses was $1.2 billion as of December 31, 2011. For these matters and others where an unfavorable outcome is reasonably possible but not probable, there may be a range of possible losses in excess of the established liability that cannot be estimated. Based on information currently available, advice of counsel, available insurance coverage and established reserves, Wells Fargo believes that the eventual outcome of the actions against Wells Fargo and/or its subsidiaries, including the matters described above, will not, individually or in the aggregate, have a material adverse effect on Wells Fargo's consolidated financial position. However, in the event of unexpected future developments, it is possible that the ultimate resolution of those matters, if unfavorable, may be material to Wells Fargo's results of operations for any particular period.

Form 10-Q
WELLS FARGO & COMPANY/MN - WFC
Filed: May 08, 2012 (period: March 31, 2012)

Note 11: Legal Actions

The following supplements our discussion of certain matters previously reported in Part I, Item 3 (Legal Proceedings) of our 2011 Form 10-K for events occurring in first quarter 2012.

MORTGAGE-BACKED CERTIFICATES LITIGATION On April 28, 2011, a case captioned The Union Central Life Insurance Company, et al. v. Credit Suisse First Boston Securities Corp., et al., was filed in the U.S. District Court for the Southern District of New York. Among other defendants, it names Wells Fargo Asset Securitization Corporation and Wells Fargo Bank, N.A. The case asserts various state law fraud claims and claims for violations of Sections 10(b) and 20(a) of the Securities Exchange Act of 1934 on behalf of three insurance companies, relating to offerings of mortgage-backed securities from 2005 through 2007. In February 2012, the plaintiffs and Wells Fargo agreed to a settlement in principle of claims against the Wells Fargo entities and are in the process of documenting that settlement.

MORTGAGE RELATED REGULATORY INVESTIGATIONS Government agencies continue investigations or examinations of other mortgage related practices of Wells Fargo. The investigations relate to two main topics: (1) whether Wells Fargo may have violated fair lending or other laws and regulations relating to mortgage origination practices; and (2) whether Wells Fargo properly disclosed in offering documents for its residential mortgage-backed securities the facts and risks associated with those securities. With respect to (1), the Department of Justice has advised Wells Fargo that it believes it can bring claims against Wells Fargo for monetary damages and civil penalties under fair lending laws. We believe such claims should not be brought and continue seeking to demonstrate to the Department of Justice our compliance with fair lending laws.

OUTLOOK When establishing a liability for contingent litigation losses, the Company determines a range of potential losses for each matter that is both probable and estimable, and records the amount it considers to be the best estimate within the range. The high end of the range of reasonably possible potential litigation losses in excess of the Company's liability for probable and estimable losses was $927 million as of March 31, 2012. For these matters and others where an unfavorable outcome is reasonably possible but not probable, there may be a range of possible losses in excess of the established liability that cannot be estimated. Based on information currently available, advice of counsel, available insurance coverage and established reserves, Wells Fargo believes that the eventual outcome of the actions against Wells Fargo and/or its subsidiaries, including the matters described above, will not, individually or in the aggregate, have a material adverse effect on Wells Fargo's consolidated financial position. However, in the event of unexpected future developments, it is possible that the ultimate resolution of those matters, if unfavorable, may be material to Wells Fargo's results of operations for any particular period.

Form 10-Q
WELLS FARGO & COMPANY/MN - WFC

Note 11: Legal Actions 10-Q Filed August 7, 2012 (period: June 30, 2012)

The following supplements our discussion of certain matters previously reported in Part I, Item 3 (Legal Proceedings) of our 2011 Form 10-K, for events occurring in first quarter 2012, and Part II, Item 1 (Legal Proceedings) of our 2012 first quarter Quarterly Report on Form 10-Q for events occurring in second quarter 2012.

ILLINOIS ATTORNEY GENERAL LITIGATION On July 31, 2009, the Attorney General for the State of Illinois filed a civil lawsuit against Wells Fargo & Company, Wells Fargo Bank, N.A. and Wells Fargo Financial Illinois, Inc. in the Circuit Court for Cook County, Illinois. The Illinois Attorney General alleges that the Wells Fargo defendants engaged in discrimination by "reverse redlining" and by steering African-American and Latino customers into high cost, subprime mortgage loans while other borrowers with similar incomes received lower cost mortgages. Illinois also alleges that Wells Fargo Financial Illinois, Inc. misled Illinois customers about the terms of mortgage loans. Illinois' complaint against all Wells Fargo defendants is based on alleged violation of the Illinois Human Rights Act and the Illinois Fairness in Lending Act. On July 12, 2012, the case was resolved by entry of a Final Judgment and Consent Decree by the Circuit Court. The resolution calls for Illinois to receive $8 million in victim relief and certain community assistance as provided for in a settlement with the Civil Rights Division of the Department of Justice (DOJ) described in more detail in the Mortgage Related Regulatory Investigations section below.

INTERCHANGE LITIGATION Wells Fargo Bank, N.A., Wells Fargo & Company, Wachovia Bank, N.A. and Wachovia Corporation are named as defendants, separately or in combination, in putative class actions filed on behalf of a plaintiff class of merchants and in individual actions brought by individual merchants with regard to the interchange fees associated with Visa and MasterCard payment card transactions. These actions have been consolidated in the United States District Court for the Eastern District of New York. Visa, MasterCard and several banks and bank holding companies are named as defendants in various of these actions. The amended and consolidated complaint asserts claims against defendants based on alleged violations of federal and state antitrust laws and seeks damages, as well as injunctive relief. Plaintiff merchants allege that Visa, MasterCard and payment card issuing banks unlawfully colluded to set interchange rates. Plaintiffs also allege that enforcement of certain Visa and MasterCard rules and alleged tying and bundling of services offered to merchants are anticompetitive. Wells Fargo and Wachovia, along with other defendants and entities, are parties to Loss and Judgment Sharing Agreements, which provide that they, along with other entities, will share, based on a formula, in any losses from the Interchange Litigation. On July 13, 2012, Visa, MasterCard and the financial institution defendants, including Wells Fargo, signed a memorandum of understanding with plaintiff merchants to resolve the consolidated class actions and reached a separate settlement in principle of the consolidated individual actions. The proposed settlement payments for the consolidated class and individual actions are approximately $6.6 billion. The class settlement also provides for the distribution to class merchants of 10 basis points of default interchange across all credit rate categories for a period of eight consecutive months. The settlements are subject to further approval.

MEDICAL CAPITAL CORPORATION LITIGATION Wells Fargo Bank, N.A. served as indenture trustee for debt issued by affiliates of Medical Capital Corporation, which was placed in receivership at the request of the Securities and Exchange Commission (SEC) in August 2009. Since September 2009, Wells Fargo has been named as a defendant in various class and mass actions brought by holders of Medical Capital Corporation's debt, alleging that Wells Fargo breached contractual and other legal obligations owed to them and seeking unspecified damages. The actions have been consolidated in the United States District Court for the Central District of California. Wells Fargo has reached a conditional settlement in principle with the receiver for Medical Capital Corporation and its affiliates.

MORTGAGE-BACKED CERTIFICATES LITIGATION On April 28, 2011, a case captioned *The Union Central Life Insurance Company, et al. v. Credit Suisse First Boston Securities Corp., et al.*, was filed in the U.S. District Court for the Southern District of New York. Among other defendants, it named Wells Fargo Asset Securities Corporation and Wells Fargo Bank, N.A. The case asserted various state law fraud claims and claims for violations of Sections 10(b) and 20(a) of the Securities Exchange Act of 1934 on behalf of three insurance companies, relating to offerings of mortgage-backed securities from 2005 through 2007. In June 2012, the plaintiffs and Wells Fargo entered into a final settlement agreement and the claims against Wells Fargo were voluntarily dismissed with prejudice.

On April 20, 2011, a case captioned *Federal Home Loan of Boston v. Ally Financial, Inc., et al.*, was filed in the Superior Court of the Commonwealth of Massachusetts for the County of Suffolk. The complaint names, among a large

number of defendants, Wells Fargo & Company, Wells Fargo Asset Securities Corporation, and Wells Fargo Bank, N.A., and contains allegations substantially similar to the cases filed by the other Federal Home Loan Banks. Plaintiffs seek rescission of the sales of private label mortgage-backed securities and damages under state securities and other laws. Defendants removed the case to the U. S. District Court for the District of Massachusetts.

MORTGAGE RELATED REGULATORY INVESTIGATIONS Government agencies and authorities continue investigations or examinations of certain mortgage related practices of Wells Fargo. The current investigations relate to two main topics: (1) whether Wells Fargo complied with laws and regulations relating to mortgage origination practices, including laws and regulations related to fair lending and Federal Housing Administration insured residential home loans; and (2) whether Wells Fargo properly disclosed in offering documents for its residential mortgage-backed securities the facts and risks associated with those securities. On July 12, 2012, the DOJ filed a complaint captioned United States of America v. Wells Fargo Bank, N.A. in the U.S. District Court for the District of Columbia. The complaint alleged violations of the Fair Housing Act and the Equal Credit Opportunity Act (ECOA) with respect to Wells Fargo's residential mortgage lending operations during the period 2004 – 2008. Simultaneously with the filing of the complaint, a Consent Decree executed between the DOJ and Wells Fargo was filed providing for a consensual resolution of the complaint. In the Consent Decree, Wells Fargo denied that it had violated the Fair Housing Act or ECOA, but agreed to resolve the matter by paying $125 million in connection with pricing and product placement allegations primarily relating to mortgages priced and sold to consumers by third party brokers through the Wholesale Division of Wells Fargo Home Mortgage. In addition, Wells Fargo agreed to pay $50 million to fund a community support program in approximately eight cities or metropolitan statistical areas, with details yet to be agreed upon between the DOJ and Wells Fargo. Wells Fargo also agreed to undertake an internal lending compliance review of a small percentage of subprime mortgages delivered through its Retail channel during the period 2004 – 2008 and will rebate to borrowers as appropriate. Of the $125 million, $8 million and $2 million are specifically allocated to Illinois and Pennsylvania, respectively, to resolve matters in those states.

SECURITIES LENDING LITIGATION Wells Fargo Bank, N.A. is involved in ten separate pending actions brought by securities lending customers of Wells Fargo and Wachovia Bank in various courts. In general, each of the cases alleges that Wells Fargo violated fiduciary and contractual duties by investing collateral for loaned securities in investments that suffered losses. One case, brought by the City of St. Petersburg in the U.S. District Court for the Middle District of Florida, resulted in an April 2012 verdict against Wells Fargo in the amount of $10 million plus interest. Wells Fargo has filed post-trial motions to set aside the verdict. In addition, on March 27, 2012, a class of Wells Fargo securities lending customers was certified in a case captioned *City of Farmington Hills Employees Retirement System v. Wells Fargo Bank, N.A.*, which is pending in the U.S. District Court for the District of Minnesota. Wells Fargo sought interlocutory review of the class certification in the U.S. Court of Appeals for the Eighth Circuit. The Eighth Circuit declined such review on May 7, 2012.

WACHOVIA EQUITY SECURITIES AND BONDS/NOTES LITIGATION A securities class action, now captioned In re Wachovia Equity Securities Litigation, has been pending under various names since July 7, 2008, in the U.S. District Court for the Southern District of New York alleging violations of Sections 10(b) and 20(a) of the Securities Exchange Act of 1934. Among other allegations, plaintiffs allege Wachovia's common stock price was artificially inflated as a result of allegedly misleading disclosures relating to the Golden West Financial Corp. mortgage portfolio, Wachovia's exposure to other mortgage related products such as CDOs, control issues and auction rate securities. On March 31, 2011, the U.S. District Court for the Southern District of New York entered a Decision and Order granting Wachovia's motions to dismiss the In re Wachovia Equity Securities Litigation and the Stichting Pensioenfonds ABP, FC Holdings AB, Deka Investment GmbH and Forsta AP-Fonden cases. Plaintiffs and Wells Fargo have agreed to settle the Equity Securities Litigation for $75 million and on January 27, 2012, the Court entered an order preliminarily approving the settlement. On June 12, 2012, an Order finally approving the class action settlement was entered.

There were four similar actions filed in state courts in North Carolina and South Carolina by individual shareholders. Three of these individual shareholder actions have been finally dismissed and the dismissal of the fourth is on appeal.

OUTLOOK When establishing a liability for contingent litigation losses, the Company determines a range of potential losses for each matter that is both probable and estimable, and records the amount it considers to be the best estimate within the range. The high end of the range of reasonably possible potential litigation losses in excess of the Company's liability for probable and estimable losses was $1.2 billion as of June 30, 2012. For these matters and others where an unfavorable outcome is reasonably possible but not probable, there may be a range of possible losses in excess of the established liability that cannot be estimated. Based on information currently available, advice of counsel, available insurance coverage and established reserves, Wells Fargo believes that the eventual outcome of the actions against Wells

Fargo and/or its subsidiaries, including the matters described above, will not, individually or in the aggregate, have a material adverse effect on Wells Fargo's consolidated financial position. However, in the event of unexpected future developments, it is possible that the ultimate resolution of those matters, if unfavorable, may be material to Wells Fargo's results of operations for any particular period.

Note 11: Legal Actions 10-Q Period ending September 30, 2012 – Filed November 6, 2012

The following supplements our discussion of certain matters previously reported in Part I, Item 3 (Legal Proceedings) of our 2011 Form 10-K, and Part II, Item 1 (Legal Proceedings) of our 2012 first and second quarter Quarterly Reports on Form 10-Q for events occurring in third quarter 2012.

FHA INSURANCE LITIGATION On October 9, 2012, the United States filed a complaint, captioned United States of America v. Wells Fargo Bank, N.A. , in the U.S. District Court for the Southern District of New York. The complaint makes claims with respect to Wells Fargo's FHA lending program for the period 2001 to 2010. The complaint alleges, among other allegations, that Wells Fargo improperly certified certain FHA mortgage loans for FHA insurance that did not qualify for the program, and therefore Wells Fargo should not have received insurance proceeds from FHA when some of the loans later defaulted. The complaint further alleges Wells Fargo knew some of the mortgages did not qualify for insurance, and did not disclose the deficiencies to FHA before making insurance claims.

MORTGAGE FORECLOSURE DOCUMENT LITIGATION As previously disclosed, eight purported class actions and several individual borrower actions related to foreclosure document practices were filed in late 2010 and in early 2011 against Wells Fargo Bank, N.A. in its status as mortgage servicer or corporate trustee of mortgage trusts. Five of those cases had been previously dismissed or otherwise resolved. Two of the three remaining purported class actions were dismissed or otherwise resolved on October 3 and October 25, 2012. As a result, seven of the eight purported class actions have now been dismissed or otherwise resolved.

MORTGAGE RELATED REGULATORY INVESTIGATIONS Government agencies and authorities continue investigations or examinations of certain mortgage related practices of Wells Fargo. The current investigations primarily relate to: (1) whether Wells Fargo complied with applicable laws, regulations and documentation requirements relating to mortgage origination and securitizations, including those at the former Wachovia Corporation; and (2) whether Wells Fargo properly disclosed in offering documents for its residential mortgage-backed securities the facts and risks associated with those securities. As previously disclosed, on July 12, 2012, the DOJ filed a complaint captioned United States of America v. Wells Fargo Bank, N.A. in the U.S. District Court for the District of Columbia. The complaint alleged violations of the Fair Housing Act and the Equal Credit Opportunity Act (ECOA) with respect to Wells Fargo's residential mortgage lending operations during the period 2004 – 2008. Simultaneously with the filing of the complaint, a Consent Decree executed between the DOJ and Wells Fargo was filed providing for a consensual resolution of the complaint. In the Consent Decree, Wells Fargo denied that it had violated the Fair Housing Act or ECOA, but agreed to resolve the matter by paying $125 million in connection with pricing and product placement allegations primarily relating to mortgages priced and sold to consumers by third party brokers through the Wholesale Division of Wells Fargo Home Mortgage. In addition, Wells Fargo agreed to pay $50 million to fund a community support program in approximately eight cities or metropolitan statistical areas, with details yet to be agreed upon between the DOJ and Wells Fargo. Wells Fargo also agreed to undertake an internal lending compliance review of a small percentage of subprime mortgages delivered through its Retail channel during the period 2004 – 2008 and will rebate to borrowers as appropriate. Of the $125 million, $8 million and $2 million are specifically allocated to Illinois and Pennsylvania, respectively, to resolve matters in those states. On September 20, 2012, the Court entered a Memorandum Opinion and Order approving and entering the Consent Order.

ORDER OF POSTING LITIGATION As previously disclosed, a series of putative class actions have been filed against Wachovia Bank, N.A. and Wells Fargo Bank, N.A., as well as many other banks, challenging the high to low order in which the Banks posted debit card transactions to consumer deposit accounts. There remain several such cases pending against Wells Fargo Bank (including the Wachovia Bank cases to which Wells Fargo succeeded), most of which have been consolidated in multi-district litigation proceedings in the U.S. District Court for the Southern District of Florida. The bank defendants moved to compel these cases to arbitration under recent Supreme Court authority. On November 22, 2011, the Judge denied the motion. On October 26, 2012, the U.S. Court of Appeals for the Eleventh Circuit affirmed the District Court's denial of the motion to compel arbitration.

WACHOVIA EQUITY SECURITIES AND BONDS/NOTES LITIGATION As previously disclosed, a securities class action, now captioned In re Wachovia Equity Securities Litigation, had been pending under various names since July 7, 2008, in the U.S. District Court for the Southern District of New York alleging violations of Sections 10(b) and 20(a) of the Securities Exchange Act of 1934. Among other allegations, plaintiffs alleged Wachovia's common stock price was artificially inflated as a result of allegedly misleading disclosures relating to the Golden West Financial Corp. mortgage portfolio, Wachovia's exposure to other mortgage related products such as CDOs, control issues and auction rate securities. There were four additional cases (not class actions) containing allegations similar to the allegations in the In re Wachovia Equity Securities Litigation captioned Stichting Pensioenfonds ABP v. Wachovia Corp. et al., FC Holdings AB, et al. v. Wachovia Corp., et al., Deka Investment GmbH v. Wachovia Corp. et al. and Forsta AP-Fonden v. Wachovia Corp., et al. , respectively, which were filed in the U.S. District Court for the Southern District of New York. On March 31, 2011, the U.S. District Court for the Southern District of New York entered a Decision and Order granting Wachovia's motions to dismiss the In re Wachovia Equity Securities Litigation and the Stichting Pensioenfonds ABP, FC Holdings AB, Deka Investment GmbH and Forsta AP-Fonden cases and all of those cases have subsequently been resolved. Plaintiffs and Wells Fargo agreed to settle the Equity Securities Litigation for $75 million and on January 27, 2012, the Court entered an order preliminarily approving the settlement. On June 12, 2012, an Order finally approving the class action settlement was filed.

There were four previously disclosed individual actions, containing allegations similar to the main In re Wachovia Equity Securities Litigation matter, filed in state courts in North Carolina and South Carolina. All four of those cases have now been finally dismissed.

OUTLOOK: When establishing a liability for contingent litigation losses, the Company determines a range of potential losses for each matter that is both probable and estimable, and records the amount it considers to be the best estimate within the range. The high end of the range of reasonably possible potential litigation losses in excess of the Company's liability for probable and estimable losses was $1.2 billion as of September 30, 2012. For these matters and others where an unfavorable outcome is reasonably possible but not probable, there may be a range of possible losses in excess of the established liability that cannot be estimated. Based on information currently available, advice of counsel, available insurance coverage and established reserves, Wells Fargo believes that the eventual outcome of the actions against Wells Fargo and/or its subsidiaries, including the matters described above, will not, individually or in the aggregate, have a material adverse effect on Wells Fargo's consolidated financial position. However, in the event of unexpected future developments, it is possible that the ultimate resolution of those matters, if unfavorable, may be material to Wells Fargo's results of operations for any particular period.

Form 8-K Filed November 28, 2012 (period: November 20, 2012)

Mortgage Related Regulatory Investigations

Wells Fargo & Company (the "Company") previously disclosed the receipt of a Wells notice from the staff of the Securities and Exchange Commission (the "Commission") relating to the Company's disclosures in mortgage-backed securities offering documents. On November 20, 2012, the Company was notified by the Commission's staff that this investigation has been completed and the staff does not intend to recommend any enforcement action by the Commission.

Form 8-K

WELLS FARGO & COMPANY/MN - WEFGL

Filed: December 21, 2012 (period: December 17, 2012)

TO: ALL HOLDERS OF WELLS FARGO & COMPANY ("WELLS FARGO") COMMON STOCK AS OF DECEMBER 13, 2012, WHO CONTINUE TO HOLD SUCH SHARES AS OF MARCH 5, 2013 ("CURRENT WELLS FARGO SHAREHOLDERS")

PLEASE TAKE NOTICE that the parties have reached a proposed settlement to resolve the derivative claims asserted on behalf of Wells Fargo in Feuer v. Thompson et al. , Civil Action No. 10-0279 YGR, Northern District of California, and Rogers v. Thompson et al. , Civil Action No. 12-0203 YGR, Northern District of California, referred to collectively below as "the Derivative Actions." The proposed settlement also will resolve claims set forth in certain Demand Letters (as defined in

the parties' Stipulation of Settlement). The claims asserted in the Derivative Actions, the Demand Letters, and certain other proceedings are collectively referred to as the "Released Claims."

PLEASE BE FURTHER ADVISED that pursuant to an Order of the United States District Court for the Northern District of California, a hearing will be held before the Honorable Yvonne Gonzalez Rogers, in Courtroom 5 of the United States Courthouse, 1301 Clay Street, Oakland, California, at 3:00 p.m., on March 5, 2013, to determine whether (i) the proposed settlement should be approved by the Court as fair, reasonable, and adequate; (ii) the Derivative Actions should be dismissed with prejudice; (iii) the individual defendants should be released from liability for any of the Released Claims; and (iv) the Court should award attorneys' fees and reimbursement of expenses for Plaintiffs' Counsel, and in what amount.

Plaintiffs' Counsel intend to apply to the Court for an award of attorneys' fees and expenses (the "Fee Application") in an amount not to exceed $2.5 million. Any attorneys'

fees and expenses awarded by the Court will be paid exclusively by Wells Fargo. The Fee Application will be filed with the Court by January 4, 2013, and available to Wells Fargo Shareholders by January 6, 2013. Wells Fargo has not agreed to any fee award and reserves the right to oppose the Fee Application, in whole or in part, regardless of the amount sought.

The proposed settlement obligates Wells Fargo's Board of Directors to implement certain governance improvements as more fully set forth in the Stipulation of Settlement. It does not involve the payment of any funds by the defendants to Wells Fargo or to any of the plaintiffs. You may obtain detailed information about the terms of the proposed settlement, including the Complaints, motions to dismiss, the Stipulation of Settlement, the Preliminary Approval Order, the Fee Application and other documents, as well as all papers to be submitted in connection with the final approval process—at the website www.WFWachoviaDerivativeSettlement.com, or by contacting Counsel for Plaintiffs at any of the addresses below.

If you are a Current Wells Fargo Shareholder, you may have certain rights in connection with the proposed settlement, including the right to object to any aspect of the settlement. Every objection must be in writing and contain: (i) your name, address and telephone number; (ii) the number of shares of Wells Fargo stock you currently hold, together with third-party documentary evidence, such as the most recent account statement, showing such share ownership; and (iii) a detailed statement of your objections to any matter before the Court and all grounds therefore, including any supporting documents to be considered by the Court. If you do not submit written objections TO BE RECEIVED NO LATER THAN February 15, 2013, you shall not be entitled to contest the proposed settlement or Fee Application unless otherwise ordered by the Court for good cause shown. All such objections must identify the case number and must be filed with the Court at:

Clerk of the Court
United States District Court
1301 Clay Street
Oakland, CA 94612

Form 8-K

WELLS FARGO & COMPANY/MN - WEFGL

Filed: January 11, 2013 (period: January 11, 2013)

Independent Foreclosure Review Settlement
On January 7, 2013, the Company announced that, along with nine other mortgage servicers, it entered into settlement agreements with the Office of the Comptroller of the Currency (OCC) and the Federal Reserve Board (FRB) that would end their IFR programs created by Article VII of an April 2011 Interagency Consent Order and replace it with an accelerated remediation process.

In aggregate, the servicers have agreed to make direct, cash payments of $3.3 billion and to provide $5.2 billion in additional assistance, such as loan modifications, to consumers. Wells Fargo's portion of the cash settlement is $766 million, which is based on the proportionate share of Wells Fargo-serviced loans in the overall IFR population. Wells Fargo recorded a pre-tax charge of $644 million in fourth quarter 2012 to fully reserve for its cash payment portion of the settlement and additional remediation-related costs. The Company also committed an additional $1.2 billion to foreclosure prevention actions. This

commitment did not result in any charge as the Company believes that this commitment is covered through the existing allowance for credit losses and the nonaccretable difference relating to the purchased credit-impaired loan portfolios. With this settlement, the Company will no longer incur costs associated with the independent foreclosure reviews, which had recently approximated $125 million per quarter for external consultants and additional staffing.

"In addition to the benefit to our customers, we are very pleased to have put this legacy issue behind us and to have removed the future costs associated with independent foreclosure reviews," said Stumpf.

Note 15: Legal Actions

Wells Fargo and certain of our subsidiaries are involved in a number of judicial, regulatory and arbitration proceedings concerning matters arising from the conduct of our business activities. These proceedings include actions brought against Wells Fargo and/or our subsidiaries with respect to corporate related matters and transactions in which Wells Fargo and/or our subsidiaries were involved. In addition, Wells Fargo and our subsidiaries may be requested to provide information or otherwise cooperate with government authorities in the conduct of investigations of other persons or industry groups.

Although there can be no assurance as to the ultimate outcome, Wells Fargo and/or our subsidiaries have generally denied, or believe we have a meritorious defense and will deny, liability in all significant litigation pending against us, including the matters described below, and we intend to defend vigorously each case, other than matters we describe as having settled. Reserves are established for legal claims when payments associated with the claims become probable and the costs can be reasonably estimated. The actual costs of resolving legal claims may be substantially higher or lower than the amounts reserved for those claims.

FHA INSURANCE LITIGATION On October 9, 2012, the United States filed a complaint, captioned *United States of America v. Wells Fargo Bank, N A.*, in the U.S. District Court for the Southern District of New York. The complaint makes claims with respect to Wells Fargo's Federal Housing Administration (FHA) lending program for the period 2001 to 2010. The complaint alleges, among other allegations, that Wells Fargo improperly certified certain FHA mortgage loans for United States Department of Housing and Urban Development (HUD) insurance that did not qualify for the program, and therefore Wells Fargo should not have received insurance proceeds from HUD when some of the loans later defaulted. The complaint further alleges Wells Fargo knew some of the mortgages did not qualify for insurance and did not disclose the deficiencies to HUD before making insurance claims. On December 1, 2012, Wells Fargo filed a motion in the U.S. District Court for the District of Columbia seeking to enforce a release of Wells Fargo given by the United States, which was denied on February 12, 2013. On December 14, 2012, the United States filed an amended complaint. On January 16, 2013, Wells Fargo filed a motion in the Southern District of New York to dismiss the amended complaint.

INTERCHANGE LITIGATION Wells Fargo Bank, N.A., Wells Fargo & Company, Wachovia Bank, N.A. and Wachovia Corporation are named as defendants, separately or in combination, in putative class actions filed on behalf of a plaintiff class of merchants and in individual actions brought by individual merchants with regard to the interchange fees associated with Visa and MasterCard payment card transactions. These actions have been consolidated in the U.S. District Court for the Eastern District of New York. Visa, MasterCard and several banks and bank holding companies are named as defendants in various of these actions. The amended and consolidated complaint asserts claims against defendants based on alleged violations of federal and state antitrust laws and seeks damages, as well as injunctive relief. Plaintiff merchants allege that Visa, MasterCard and payment card issuing banks unlawfully colluded to set interchange rates. Plaintiffs also allege that enforcement of certain Visa and MasterCard rules and alleged tying and bundling of services offered to merchants are anticompetitive. Wells Fargo and Wachovia, along with other defendants and entities, are parties to Loss and Judgment Sharing Agreements, which provide that they, along with other entities, will share, based on a formula, in any losses from the Interchange Litigation. On July 13, 2012, Visa, MasterCard and the financial institution defendants, including Wells Fargo, signed a memorandum of understanding with plaintiff merchants to resolve the consolidated class actions and reached a separate settlement in principle of the consolidated individual actions. The proposed settlement payments by all defendants in the consolidated class and individual actions total approximately $6.6 billion. The class settlement also provides for the distribution to class merchants of 10 basis points of default interchange across all credit rate categories for a period of eight consecutive months. The Court has granted preliminary approval of the settlements. The settlements are subject to further review and approval by the Court.

MEDICAL CAPITAL CORPORATION LITIGATION Wells Fargo Bank, N.A. served as indenture trustee for debt issued by affiliates of Medical Capital Corporation, which was placed in receivership at the request of the Securities and Exchange Commission (SEC) in August 2009. Since September 2009,
Wells Fargo has been named as a defendant in various class and mass actions brought by holders of Medical Capital Corporation's debt, alleging that Wells Fargo breached contractual and other legal obligations owed to them and seeking unspecified damages. The actions have been consolidated in the U.S. District Court for the Central District of California. On July 26, 2011, the District Court certified a class consisting of holders of notes issued by affiliates of Medical Capital Corporation and, on October 18, 2011, the Ninth Circuit Court of Appeals denied a petition seeking to appeal the class certification order. A previously disclosed potential settlement of the case was not consummated and the case is in discovery.

MARYLAND MORTGAGE LENDING LITIGATION On December 26, 2007, a class action complaint captioned *Denise Minter, et al., v. Wells Fargo Bank, N.A., et al*, was filed in the U.S. District Court for the District of Maryland. The complaint alleges that Wells Fargo and others violated provisions of the Real Estate Settlement Procedures Act and other laws by conducting mortgage lending business improperly through a general partnership, Prosperity Mortgage Company. The complaint asserts that Prosperity Mortgage Company was not a legitimate affiliated business and instead operated to conceal Wells Fargo Bank, N.A.'s role in the loans at issue. A plaintiff class of borrowers who received a mortgage loan from Prosperity that was funded by Prosperity's line of credit with Wells Fargo Bank,

N.A. from 1993 to May 31, 2012 has been certified. The Court has scheduled a trial in this case for May 6, 2013. A second, related case is also pending in the same Court. On July 8, 2008, a class action complaint captioned *Stacey and Bradley Petry, et al., v. Wells Fargo Bank, N.A., et al.,* was filed. The complaint alleges that Wells Fargo and others violated the Maryland Finder's Fee Act in the closing of mortgage loans in Maryland. The Court certified a plaintiff class of borrowers whose loans are secured by Maryland real property, which loans showed Prosperity Mortgage Company as the lender receiving a fee for services, and were funded through a Wells Fargo line of credit to Prosperity from 1993 to May 31, 2012. The Court has scheduled a trial in this case for March 18, 2013.

MORTGAGE-BACKED CERTIFICATES LITIGATION Several securities law based putative class actions were consolidated in the U.S. District Court for the Northern District of California on July 16, 2009, under the caption *In re Wells Fargo Mortgage-Backed Certificates Litigation*. The case asserted claims against several Wells Fargo mortgage backed securities trusts, Wells Fargo Bank, N.A. and other affiliated entities, individual employee defendants, along with various underwriters and rating agencies. The plaintiffs alleged that the offering documents contain untrue statements of material fact, or omit to state material facts necessary to make the registration statements and accompanying prospectuses not misleading. The parties agreed to settle the case on May 27, 2011, for $125 million. Final approval of the settlement was entered on November 14, 2011. Some class members opted out of the settlement, with the most significant being the Federal National Mortgage Association (Fannie Mae) and the Federal Home Loan Mortgage Corporation (Freddie Mac).

On June 29, 2010, and on July 15, 2010, two complaints, the first captioned *The Charles Schwab Corporation vs. Merrill Lynch, Pierce, Fenner & Smith, Inc., et al.,* and the second captioned *The Charles Schwab Corporation v BNP ParibasSecurities Corp., et al.,* were filed in the Superior Court for the State of California, San Francisco County against a number of defendants, including Wells Fargo Bank, N.A. and Wells Fargo Asset Securities Corporation. As against the Wells Fargo entities, the new cases assert opt out claims relating to the claims alleged in the Mortgage-Backed Certificates Litigation.

On October 15, 2010, three actions, captioned *Federal Home Loan Bank of Chicago v. Banc of America Funding Corporation, et al.* (filed in the Cook County Circuit Court, State of Illinois); *Federal Home Loan Bank of Chicago v. Banc of America Securities LLC, et al.* (filed in the Superior Court of the State of California for the County of Los Angeles); and *Federal Home Loan Bank of Indianapolis v. Banc of America Mortgage America Securities, Inc., et al.* (filed in the Superior Court of the State of Indiana for the County of Marion), named multiple defendants, described as issuers/depositors, and underwriters/dealers of private label mortgage-backed securities, in an action asserting claims that defendants used false and misleading statements in offering documents for the sale of such securities. Plaintiffs seek rescission of the sales and damages under state securities and other laws and Section 11 of the Securities Act of 1933. Wells Fargo Asset Securities Corporation, Wells Fargo Bank, N.A. and Wells Fargo & Company were named among the defendants. On April 20, 2011, a case captioned *Federal Home Loan of Boston v. Ally Financial, Inc., et al.*, was filed in the Superior Court of the Commonwealth of Massachusetts for the County of Suffolk. The case names, among a large number of parties, Wells Fargo & Company, Wells Fargo Asset Securitization Corporation and Wells Fargo Bank, N.A. as parties and contains allegations substantially similar to the cases filed by the other Federal Home Loan Banks.

In addition, there are other mortgage-related threatened or asserted claims by entities or investors where Wells Fargo may have indemnity or repurchase obligations, or as to which it has entered into agreements to toll the relevant statutes of limitations.

MORTGAGE FORECLOSURE DOCUMENT LITIGATION Eight purported class actions and several individual borrower actions related to foreclosure document practices were filed in late 2010 and in early 2011 against Wells Fargo Bank, N.A. in its status as mortgage servicer or corporate trustee of mortgage trusts. The cases were brought in state and federal courts. All eight cases have been dismissed or otherwise resolved.

MORTGAGE RELATED REGULATORY INVESTIGATIONS Government agencies and authorities continue investigations or examinations of certain mortgage related practices of Wells Fargo. Wells Fargo, for itself and for predecessor institutions, has responded, and continues to respond, to requests from government agencies seeking information regarding the origination, underwriting and securitization of residential mortgages, including sub-prime mortgages. On February 24, 2012, Wells Fargo received a Wells Notice from SEC Staff relating to Wells Fargo's disclosures in mortgage-backed securities offering documents. On November 20, 2012, the SEC Staff advised Wells Fargo it did not intend to take action on the subject matter of the Wells Notice.

IN RE MUNICIPAL DERIVATIVES ANTITRUST LITIGATION Wachovia Bank, along with several other banks and financial services companies, was named as a defendant beginning in April 2008 in a number of substantially identical purported class actions and individual actions filed in various state and federal courts by various municipalities alleging they have been damaged by alleged anticompetitive activity of the defendants. These cases were either consolidated under the caption *In re Municipal Derivatives Antitrust Litigation* or administered jointly with that action in the U.S. District Court for the Southern District of New York. The plaintiffs and Wells Fargo agreed to settle the *In re Municipal Derivatives Antitrust Litigation* on October 21, 2011. The settlement received final approval on December 14, 2012. A number of municipalities have opted out of the settlement, but the remaining potential claims are not material.

ORDER OF POSTING LITIGATION A series of putative class actions have been filed against Wachovia Bank, N.A. and Wells Fargo Bank, N.A., as well as many other banks, challenging the

high to low order in which the Banks post debit card transactions to consumer deposit accounts. There are currently several such cases pending against Wells Fargo Bank (including the Wachovia Bank cases to which Wells Fargo succeeded), most of which have been consolidated in multi-district litigation proceedings in the U.S. District Court for the Southern District of Florida. The bank defendants moved to compel these cases to arbitration under recent Supreme Court authority. On November 22, 2011, the Judge denied the motion. The Banks appealed the decision to the U.S. Court of Appeals for the Eleventh Circuit. On October 26, 2012, the Eleventh Circuit affirmed the District Court's denial of the motion.

On August 10, 2010, the U.S. District Court for the Northern District of California issued an order in *Gutierrez v. Wells Fargo Bank, N.A.*, a case that was not consolidated in the multi-district proceedings, enjoining the Bank's use of the high to low posting method for debit card transactions with respect to the plaintiff class of California depositors, directing that the Bank establish a different posting methodology and ordering remediation of approximately $203 million. On October 26, 2010, a final judgment was entered in Gutierrez. On October 28, 2010, Wells Fargo appealed to the U.S. Court of Appeals for the Ninth Circuit. On December 26, 2012, the Ninth Circuit reversed the order requiring Wells Fargo to change its order of posting and vacated the portion of the order granting remediation of approximately $203 million on the grounds of federal pre-emption. The Ninth Circuit affirmed the District Court's finding that Wells Fargo violated a California state law prohibition on fraudulent representations and remanded the case to the District Court for further proceedings.

SECURITIES LENDING LITIGATION Wells Fargo Bank, N.A. is involved in several separate pending actions brought by securities lending customers of Wells Fargo and Wachovia Bank in various courts. In general, each of the cases alleges that Wells Fargo violated fiduciary and contractual duties by investing collateral for loaned securities in investments that suffered losses. In addition, on March 27, 2012, a class of Wells Fargo securities lending customers was certified in a case captioned *City of Farmington Hills Employees Retirement System v. Wells Fargo Bank, N.A.*, which is pending in the U.S. District Court for the District of Minnesota. Wells Fargo sought interlocutory review of the class certification in the U.S. Court of Appeals for the Eighth Circuit. The Eighth Circuit declined such review on May 7, 2012.

OUTLOOK When establishing a liability for contingent litigation losses, the Company determines a range of potential losses for each matter that is both probable and estimable, and records the amount it considers to be the best estimate within the range. The high end of the range of reasonably possible potential litigation losses in excess of the Company's liability for probable and estimable losses was $1.0 billion as of December 31, 2012. For these matters and others where an unfavorable outcome is reasonably possible but not probable, there may be a range of possible losses in excess of the established liability that cannot be estimated. Based on information currently available, advice of counsel, available insurance coverage and established reserves, Wells Fargo believes that the eventual outcome of the actions against Wells Fargo and/or its subsidiaries, including the matters described above, will not, individually or in the aggregate, have a material adverse effect on Wells Fargo's consolidated financial position. However, in the event of unexpected future developments, it is possible that the ultimate resolution of those matters, if unfavorable, may be material to Wells Fargo's results of operations for any particular period.

The following supplements our discussion of certain matters previously reported in Part I, Item 3 (Legal Proceedings) of our 2012 Form 10-K for events occurring during first quarter 2013.

FHA INSURANCE LITIGATION On October 9, 2012, the United States filed a complaint, captioned *United States of America v. Wells Fargo Bank, N.A.*, in the U.S. District Court for the Southern District of New York. The complaint makes claims with respect to Wells Fargo's Federal Housing Administration (FHA) lending program for the period 2001 to 2010. The complaint alleges, among other allegations, that Wells Fargo improperly certified certain FHA mortgage loans for United States Department of Housing and Urban Development (HUD) insurance that did not qualify for the program, and therefore Wells Fargo should not have received insurance proceeds from HUD when some of the loans later defaulted. The complaint further alleges Wells Fargo knew some of the mortgages did not qualify for insurance and did not disclose the deficiencies to HUD before making insurance claims. On December 1, 2012, Wells Fargo filed a motion in the U.S. District Court for the District of Columbia seeking to enforce a release of Wells Fargo given by the United States, which was denied on February 12, 2013. On April 11, 2013, Wells Fargo filed a notice of appeal. On December 14, 2012, the United States filed an amended complaint. On January 16, 2013, Wells Fargo filed a motion in the Southern District of New York to dismiss the amended complaint. Oral argument of the motion was held on April 17, 2013.

MEDICAL CAPITAL CORPORATION LITIGATION Wells Fargo Bank, N.A. served as indenture trustee for debt issued by affiliates of Medical Capital Corporation, which was placed in receivership at the request of the Securities and Exchange Commission (SEC) in August 2009. Since September 2009, Wells Fargo has been named as a defendant in various class and mass actions brought by holders of Medical Capital Corporation's debt, alleging that Wells Fargo breached contractual and other legal obligations owed to them and seeking unspecified damages. On April 16, 2013, the parties reached a settlement in principle of all claims which provides for Wells Fargo to pay $105 million to the plaintiffs. The settlement is subject to Court approval.

MARYLAND MORTGAGE LENDING LITIGATION On July 8, 2008, a class action complaint captioned *Stacey and Bradley Petry, et al., v. Wells Fargo Bank, N.A., et al.*, was filed. The complaint alleges that Wells Fargo and others violated the Maryland Finder's Fee Act in the closing of mortgage loans in Maryland. On March 13, 2013, the Court held the plaintiff class did not have sufficient evidence to proceed to trial, which was previously set for March 18, 2013. The Court is considering whether to dismiss the case or to certify an appellate question to the Maryland Court of Appeals.

MORTGAGE-BACKED CERTIFICATES LITIGATION Several securities law based putative class actions were consolidated in
the U.S. District Court for the Northern District of California on July 16, 2009, under the caption *In re Wells Fargo Mortgage-Backed Certificates Litigation*. The case asserted claims against several Wells Fargo mortgage-backed securities trusts, Wells Fargo Bank, N.A. and other affiliated entities, individual employee defendants, along with various underwriters and rating agencies. The plaintiffs alleged that the offering documents contain untrue statements of material fact, or omit to state material facts necessary to make the registration statements and accompanying prospectuses not misleading. The parties agreed to settle the case on May 27, 2011, for $125 million. Final approval of the settlement was entered on November 14, 2011. Some class members opted out of the settlement. Wells Fargo settled the opt out claims of Federal National Mortgage Association for an amount that was within a previously established accrual.

OUTLOOK When establishing a liability for contingent litigation losses, the Company determines a range of potential losses for each matter that is both probable and estimable, and records the amount it considers to be the best estimate within the range. The high end of the range of reasonably possible potential litigation losses in excess of the Company's liability for probable and estimable losses was $1.1 billion as of March 31, 2013. For these matters and others where an unfavorable outcome is reasonably possible but not probable, there may be a range of possible losses in excess of the established liability that cannot be estimated. Based on information currently available, advice of counsel, available insurance coverage and established reserves, Wells Fargo believes that the eventual outcome of the actions against Wells Fargo and/or its subsidiaries, including the matters described above, will not, individually or in the aggregate, have a material adverse effect on Wells Fargo's consolidated financial position. However, in the event of unexpected future developments, it is possible that the ultimate resolution of those matters, if unfavorable, may be material to Wells Fargo's results of operations for any particular period.

Wells Fargo & Company 10-Q
Note 11: Legal Actions June 30, 2013

The following supplements our discussion of certain matters previously reported in Part I, Item 3 (Legal Proceedings) of our 2012 Form 10-K and Part II, Item 1 (Legal Proceedings) of our 2013 first quarter Quarterly Report on Form 10-Q for events occurring during second quarter 2013.

MEDICAL CAPITAL CORPORATION LITIGATION Wells Fargo Bank, N.A. served as indenture trustee for debt issued by affiliates of Medical Capital Corporation, which was placed in receivership at the request of the Securities and Exchange Commission (SEC) in August 2009. Since September 2009, Wells Fargo has been named as a defendant in various class and mass actions brought by holders of Medical Capital Corporation's debt, alleging that Wells Fargo breached contractual and other legal obligations owed to them and seeking unspecified damages. On April 16, 2013, the parties reached a settlement, subject to Court approval, of all claims which provides for Wells Fargo to pay $105 million to the plaintiffs. The Court gave preliminary approval to the settlement on May 6, 2013.

MARYLAND MORTGAGE LENDING LITIGATION On December 26, 2007, a class action complaint captioned *Denise Minter, et al., v. Wells Fargo Bank, N.A., et al.,* was filed in the U.S. District Court for the District of Maryland. The complaint alleges that Wells Fargo and others violated provisions of the Real Estate Settlement Procedures Act and other laws by conducting mortgage lending business improperly through a general partnership, Prosperity Mortgage Company. The complaint asserts that Prosperity Mortgage Company was not a legitimate affiliated business and instead operated to conceal Wells Fargo Bank, N.A.'s role in the loans at issue. A plaintiff class of borrowers who received a mortgage loan from Prosperity Mortgage Company that was funded by Prosperity Mortgage Company's line of credit with Wells Fargo Bank, N.A. from 1993 to May 31, 2012, had been certified. Prior to trial, the Court narrowed the class action to borrowers who were referred to Prosperity Mortgage Company by Wells Fargo's partner and whose loans were transferred to Wells Fargo Bank, N.A. from 1993 to May 31, 2012. On May 6, 2013, the case went to trial. On June 6, 2013, the jury returned a verdict in favor of all defendants, including Wells Fargo. The plaintiffs have requested a new trial on the named plaintiffs' individual claims, and have filed a notice of appeal.

On July 8, 2008, a class action complaint captioned *Stacey and Bradley Petry, et al., v. Wells Fargo Bank, N.A., et al.,* was filed. The complaint alleges that Wells Fargo and others violated the Maryland Finder's Fee Act in the closing of mortgage loans in Maryland. On March 13, 2013, the Court held the plaintiff class did not have sufficient evidence to proceed to trial, which was previously set for March 18, 2013. On June 20, 2013, the Court entered judgment in favor of the defendants. The plaintiffs have appealed.

ORDER OF POSTING LITIGATION A series of putative class actions have been filed against Wachovia Bank, N.A. and Wells Fargo Bank, N.A., as well as many other banks, challenging the high to low order in which the banks post debit card transactions to consumer deposit accounts. There are currently several such cases pending against Wells Fargo Bank (including the Wachovia Bank cases to which Wells Fargo succeeded), most of which have been consolidated in multi-district litigation proceedings in the U.S. District Court for the Southern District of Florida. The bank defendants moved to compel these cases to arbitration under recent Supreme Court authority. On November 22, 2011, the Judge denied the motion. The bank defendants appealed the decision to the U.S. Court of Appeals for the Eleventh Circuit. On October 26, 2012, the Eleventh Circuit affirmed the District Court's denial of the motion. Wells Fargo renewed its motion to compel arbitration with respect to the unnamed putative class members. On April 8, 2013, the District Court denied the motion. Wells Fargo has appealed the decision to the Eleventh Circuit.
On August 10, 2010, the U.S. District Court for the Northern District of California issued an order in *Gutierrez v. Wells Fargo Bank, N.A.*, a case that was not consolidated in the multi-district proceedings, enjoining the bank's use of the high to low posting method for debit card transactions with respect to the plaintiff class of California depositors, directing the bank to establish a different posting methodology and ordering remediation of approximately $203 million. On October 26, 2010, a final judgment was entered in *Gutierrez*. On October 28, 2010, Wells Fargo appealed to the U.S. Court of Appeals for the Ninth Circuit. On December 26, 2012, the Ninth Circuit reversed the order requiring Wells Fargo to change its order of posting and vacated the portion of the order granting remediation of approximately $203 million on the grounds of federal preemption. The Ninth Circuit affirmed the District Court's finding that Wells Fargo violated a California state law prohibition on fraudulent representations and remanded the case to the District Court for further proceedings. On May 14, 2013, the District Court entered an order indicating it will reinstate the judgment of approximately $203 million against Wells Fargo and enjoined Wells Fargo from making or disseminating additional misrepresentations about its order of posting of transactions. Wells Fargo has appealed the order to the Ninth Circuit. On August 5, 2013, the District Court entered a judgment against Wells Fargo in the approximate amount of $203 million, together with post-judgment interest thereon from October 25, 2010.

OUTLOOK When establishing a liability for contingent litigation losses, the Company determines a range of potential losses for each matter that is both probable and estimable, and records the amount it considers to be the best estimate

within the range. The high end of the range of reasonably possible potential litigation losses in excess of the Company's liability for probable and estimable losses was $1.1 billion as of June 30, 2013. For these matters and others where an unfavorable outcome is reasonably possible but not probable, there may be a range of possible losses in excess of the established liability that cannot be estimated. Based on information currently available, advice of counsel, available insurance coverage and established reserves, Wells Fargo believes that the eventual outcome of the actions against Wells Fargo and/or its subsidiaries, including the matters described above, will not, individually or in the aggregate, have a material adverse effect on Wells Fargo's consolidated financial position. However, in the event of unexpected future developments, it is possible that the ultimate resolution of those matters, if unfavorable, may be material to Wells Fargo's results of operations for any particular period.

10-Q
Note 11: Legal Actions – September 30, 2013

The following supplements our discussion of certain matters previously reported in Part I, Item 3 (Legal Proceedings) of our 2012 Form 10-K and Part II, Item 1 (Legal Proceedings) of our 2013 first and second quarter Quarterly Reports on Form 10-Q for events occurring during third quarter 2013.

FHA INSURANCE LITIGATION On October 9, 2012, the United States filed a complaint, captioned *United States of America v. Wells Fargo Bank, N.A.*, in the U.S. District Court for the Southern District of New York. The complaint makes claims with respect to Wells Fargo's Federal Housing Administration (FHA) lending program for the period 2001 to 2010. The complaint alleges, among other allegations, that Wells Fargo improperly certified certain FHA mortgage loans for United States Department of Housing and Urban Development (HUD) insurance that did not qualify for the program, and therefore Wells Fargo should not have received insurance proceeds from HUD when some of the loans later defaulted. The complaint further alleges Wells Fargo knew some of the mortgages did not qualify for insurance and did not disclose the deficiencies to HUD before making insurance claims. On December 1, 2012, Wells Fargo filed a motion in the U.S. District Court for the District of Columbia seeking to enforce a release of Wells Fargo given by the United States, which was denied on February 12, 2013. On April 11, 2013, Wells Fargo appealed the decision to the U.S. Court of Appeals for the District of Columbia Circuit, and filed its initial appellate brief on September 20, 2013. On December 14, 2012, the United States filed an amended complaint. On January 16, 2013, Wells Fargo filed a motion in the Southern District of New York to dismiss the amended complaint. On September 24, 2013, the Court entered an order denying the motion with respect to the government's federal statutory claims and granting in part, and denying in part, the motion with respect to the government's common law claims.

MEDICAL CAPITAL CORPORATION LITIGATION Wells Fargo Bank, N.A. served as indenture trustee for debt issued by affiliates of Medical Capital Corporation, which was placed in receivership at the request of the Securities and Exchange Commission (SEC) in August 2009. Since September 2009, Wells Fargo has been named as a defendant in various class and mass actions brought by holders of Medical Capital Corporation's debt, alleging that Wells Fargo breached contractual and other legal obligations owed to them and seeking unspecified damages. On April 16, 2013, the parties reached a settlement, subject to Court approval, of all claims which provides for Wells Fargo to pay $105 million to the plaintiffs. The Court gave final approval to the settlement on August 12, 2013.

MORTGAGE-BACKED CERTIFICATES LITIGATION Several securities law based putative class actions were consolidated in the U.S. District Court for the Northern District of California on July 16, 2009, under the caption In re Wells Fargo Mortgage-Backed Certificates Litigation. The case asserted claims against several Wells Fargo mortgage-backed securities trusts, Wells Fargo Bank, N.A. and other affiliated entities, individual employee defendants, along with various underwriters and rating agencies. The plaintiffs alleged that the offering documents contain untrue statements of material fact, or omit to state material facts necessary to make the registration statements and accompanying prospectuses not misleading. The parties agreed to settle the case on May 27, 2011, for $125 million. Final approval of the settlement was entered on November 14, 2011. Some class members, including Federal National Mortgage Association (FNMA) and Federal Home Loan Mortgage Corporation (FHLMC), opted out of the settlement. Wells Fargo settled the opt out claims of FNMA in first quarter 2013 and settled the opt out claims of FHLMC in third quarter 2013, in each case for an amount that was within a previously established accrual. Both settlements included the Federal Housing Finance Agency, as conservator of FNMA and FHLMC. The combined amount of the settlements was approximately $335 million.

On October 15, 2010, three actions, captioned *Federal Home Loan Bank of Chicago v. Banc of America Funding Corporation, et al.* (filed in the Cook County Circuit Court, State of Illinois); *Federal Home Loan Bank of Chicago v. Banc of America Securities LLC, et al.* (filed in the Superior Court of the State of California for the County of Los Angeles); and *Federal Home Loan Bank of Indianapolis v. Banc of America Mortgage America Securities, Inc., et al.* (filed in the Superior Court of the State of Indiana for the County of Marion), named multiple defendants, described as issuers/depositors, and underwriters/dealers of private label mortgage-backed securities, in an action asserting claims that defendants used false and misleading statements in offering documents for the sale of such securities. Plaintiffs seek rescission of the sales and damages under state securities and other laws and Section 11 of the Securities Act of 1933. Wells Fargo Asset Securities Corporation, Wells Fargo Bank, N.A. and Wells Fargo & Company were named among the defendants. Wells Fargo has reached a settlement in principle with the Federal Home Loan Bank of Indianapolis to settle the claims against it in the *Federal Home Loan Bank of Indianapolis v. Banc of America Mortgage America Securities, Inc., et al.* action for an amount within a previously established accrual. Wells Fargo has also reached a settlement in principle with the Federal Home Loan Bank of Chicago to settle the claims against it in the *Federal Home Loan Bank of Chicago v. Banc of America Funding Corporation, et al.* and *Federal Home Loan Bank of Chicago v. Banc of America Securities LLC* actions for an amount within a previously established accrual.

On April 20, 2011, a case captioned Federal Home Loan Bank of Boston v. Ally Financial, Inc., et al., was filed in the Superior Court of the Commonwealth of Massachusetts for the County of Suffolk. The case names, among a large number of parties, Wells Fargo & Company, Wells Fargo Asset Securitization Corporation and Wells Fargo Bank, N.A. as parties and asserts claims that defendants used false and misleading statements in offering documents for the sale of mortgage-backed securities. Wells Fargo settled the claims of the Federal Home Loan Bank of Boston for an amount within a previously established accrual and was dismissed, with prejudice, from the Federal Home Loan Bank of Boston v. Ally Financial, Inc., et al. action on September 30, 2013.

ORDER OF POSTING LITIGATION On August 10, 2010, the U.S. District Court for the Northern District of California issued an order in Gutierrez v. Wells Fargo Bank, N.A., a case that was not consolidated in the multi-district proceedings, enjoining the bank's use of the high to low posting method for debit card transactions with respect to the plaintiff class of California depositors, directing the bank to establish a different posting methodology and ordering remediation of approximately $203 million. On October 26, 2010, a final judgment was entered in Gutierrez. On October 28, 2010, Wells Fargo appealed to the U.S. Court of Appeals for the Ninth Circuit. On December 26, 2012, the Ninth Circuit reversed the order requiring Wells Fargo to change its order of posting and vacated the portion of the order granting remediation of approximately $203 million on the grounds of federal preemption. The Ninth Circuit affirmed the District Court's finding that Wells Fargo violated a California state law prohibition on fraudulent representations and remanded the case to the District Court for further proceedings. On August 5, 2013, the District Court entered a judgment against Wells Fargo in the approximate amount of $203 million, together with post-judgment interest thereon from October 25, 2010, and, effective as of July 15, 2013, enjoined Wells Fargo from making or disseminating additional misrepresentations about its order of posting of transactions. On August 7, 2013, Wells Fargo appealed the judgment to the Ninth Circuit.

OUTLOOK When establishing a liability for contingent litigation losses, the Company determines a range of potential losses for each matter that is both probable and estimable, and records the amount it considers to be the best estimate within the range. The high end of the range of reasonably possible potential litigation losses in excess of the Company's liability for probable and estimable losses was $1.0 billion as of September 30, 2013. For these matters and others where an unfavorable outcome is reasonably possible but not probable, there may be a range of possible losses in excess of the established liability that cannot be estimated. Based on information currently available, advice of counsel, available insurance coverage and established reserves, Wells Fargo believes that the eventual outcome of the actions against Wells Fargo and/or its subsidiaries, including the matters described above, will not, individually or in the aggregate, have a material adverse effect on Wells Fargo's consolidated financial position. However, in the event of unexpected future developments, it is possible that the ultimate resolution of those matters, if unfavorable, may be material to Wells Fargo's results of operations for any particular period.

Note 15: Legal Actions

Wells Fargo and certain of our subsidiaries are involved in a number of judicial, regulatory and arbitration proceedings concerning matters arising from the conduct of our business activities These proceedings include actions brought against Wells Fargo and/or our subsidiaries with respect to corporate related matters and transactions in which Wells Fargo and/or our subsidiaries were involved. In addition, Wells Fargo and our subsidiaries may be requested to provide information or otherwise cooperate with government authorities in the conduct of investigations of other persons or industry groups.

Although there can be no assurance as to the ultimate outcome, Wells Fargo and/or our subsidiaries have generally denied, or believe we have a meritorious defense and will deny, liability in all significant litigation pending against us, including the matters described below, and we intend to defend vigorously each case, other than matters we describe as having settled. Reserves are established for legal claims when payments associated with the claims become probable and the costs can be reasonably estimated. The actual costs of resolving legal claims may be substantially higher or lower than the amounts reserved for those claims.

FHA INSURANCE LITIGATION On October 9, 2012, the United States filed a complaint, captioned *United States of America v Wells Fargo Bank, N.A.*, in the U.S. District Court for the Southern District of New York. The complaint makes claims with respect to Wells Fargo's Federal Housing Administration (FHA) lending program for the period 2001 to 2010 The complaint alleges, among other allegations, that Wells Fargo improperly certified certain FHA mortgage loans for United States Department of Housing and Urban Development (HUD) insurance that did not qualify for the program, and therefore Wells Fargo should not have received insurance proceeds from HUD when some of the loans later defaulted The complaint further alleges Wells Fargo knew some of the mortgages did not qualify for insurance and did not disclose the deficiencies to HUD before making insurance claims. On December 1, 2012, Wells Fargo filed a motion in the U.S. District Court for the District of Columbia seeking to enforce a release of Wells Fargo given by the United States, which was denied on February 12, 2013. On April 11, 2013, Wells Fargo appealed the decision to the U S. Court of Appeals for the District of Columbia Circuit, with appellate briefing completed on November 26, 2013. On December 14, 2012, the United States filed an amended complaint. On January 16, 2013, Wells Fargo filed a motion in the Southern District of New York to dismiss the amended complaint On September 24, 2013, the Court entered an order denying the motion with respect to the government's federal statutory claims and granting in part, and denying in part, the motion with respect to the government's common law claims. On January 10, 2014, the United States filed a second amended complaint.

INTERCHANGE LITIGATION Wells Fargo Bank, N A., Wells Fargo & Company, Wachovia Bank, N.A. and Wachovia Corporation are named as defendants, separately or in combination, in putative class actions filed on behalf of a plaintiff class of merchants and in individual actions brought by individual merchants with regard to the interchange fees associated with Visa and MasterCard payment card transactions. These actions have been consolidated in the U.S. District Court for the Eastern District of New York. Visa, MasterCard and several banks and bank holding companies are named as defendants in various of these actions. The amended and consolidated complaint asserts claims against defendants based on alleged violations of federal and state antitrust laws and seeks damages, as well as injunctive relief. Plaintiff merchants allege that Visa, MasterCard and payment card issuing banks unlawfully colluded to set interchange rates. Plaintiffs also allege that enforcement of certain Visa and MasterCard rules and alleged tying and bundling of services offered to merchants are anticompetitive. Wells Fargo and Wachovia, along with other defendants and entities, are parties to Loss and Judgment Sharing Agreements, which provide that they, along with other entities, will share, based on a formula, in any losses from the Interchange Litigation. On July 13, 2012, Visa, MasterCard and the financial institution defendants, including Wells Fargo, signed a memorandum of understanding with plaintiff merchants to resolve the consolidated class actions and reached a separate settlement in principle of the consolidated individual actions. The proposed settlement payments by all defendants in the consolidated class and individual actions total approximately $6.6 billion. The class settlement also provides for the distribution to class merchants of 10 basis points of default interchange across all credit rate categories for a period of eight consecutive months. The Court granted final approval of the settlement, which is proceeding. Merchants have filed several "opt-out" actions

MARYLAND MORTGAGE LENDING LITIGATION On December 26, 2007, a class action complaint captioned *Denise Minter, et al., v. Wells Fargo Bank, N A., et al.*, was filed in the U.S. District Court for the District of Maryland. The complaint alleges that Wells Fargo and others violated provisions of the Real Estate Settlement Procedures Act and other laws by conducting mortgage lending business improperly through a general partnership, Prosperity Mortgage Company. The complaint asserts that Prosperity Mortgage Company was not a legitimate affiliated business and instead operated to conceal Wells Fargo Bank, N A.'s role in the loans at issue A plaintiff class of borrowers who received a mortgage loan from Prosperity Mortgage Company that was funded by Prosperity Mortgage Company's line of credit with Wells Fargo Bank, N.A. from 1993 to May 31, 2012, had been certified. Prior to trial, the Court narrowed the class action to borrowers who were referred to Prosperity Mortgage Company by Wells Fargo's partner and whose loans were transferred to Wells Fargo Bank, N.A. from 1993 to May 31, 2012. On May 6, 2013, the case went to trial. On June 6, 2013, the jury returned a verdict in favor of all defendants, including Wells Fargo The plaintiffs have appealed.

On July 8, 2008, a class action complaint captioned *Stacey and Bradley Petry, et al., v. Wells Fargo Bank, N.A., et al.*, was filed. The complaint alleges that Wells Fargo and others violated the Maryland Finder's Fee Act in the closing of mortgage loans in Maryland. On March 13, 2013, the Court held the plaintiff class did not have sufficient evidence to proceed to trial, which was previously set for March 18, 2013. On June 20, 2013, the Court entered judgment in favor of the defendants. The plaintiffs have appealed.

MORTGAGE RELATED REGULATORY INVESTIGATIONS Government agencies continue investigations or examinations of certain mortgage related practices of Wells Fargo and predecessor institutions. Wells Fargo, for itself and for predecessor institutions, has

responded, and continues to respond, to requests from government agencies seeking information regarding the origination, underwriting and securitization of residential mortgages, including sub-prime mortgages.

ORDER OF POSTING LITIGATION A series of putative class actions have been filed against Wachovia Bank, N.A. and Wells Fargo Bank, N.A., as well as many other banks, challenging the high to low order in which the banks post debit card transactions to consumer deposit accounts. There are currently several such cases pending against Wells Fargo Bank (including the Wachovia Bank cases to which Wells Fargo succeeded), most of which have been consolidated in multi-district litigation proceedings in the U.S. District Court for the Southern District of Florida. The bank defendants moved to compel these cases to arbitration under recent Supreme Court authority. On November 22, 2011, the Judge denied the motion. The bank defendants appealed the decision to the U.S. Court of Appeals for the Eleventh Circuit On October 26, 2012, the Eleventh Circuit affirmed the District Court's denial of the motion. Wells Fargo renewed its motion to compel arbitration with respect to the unnamed putative class members. On April 8, 2013, the District Court denied the motion. Wells Fargo has appealed the decision to the Eleventh Circuit.

On August 10, 2010, the U.S District Court for the Northern District of California issued an order in Gutierrez v. Wells Fargo Bank, N.A., a case that was not consolidated in the multi-district proceedings, enjoining the bank's use of the high to low posting method for debit card transactions with respect to the plaintiff class of California depositors, directing the bank to establish a different posting methodology and ordering remediation of approximately $203 million. On October 26, 2010, a final judgment was entered in Gutierrez. On October 28, 2010, Wells Fargo appealed to the U.S Court of Appeals for the Ninth Circuit. On December 26, 2012, the Ninth Circuit reversed the order requiring Wells Fargo to change its order of posting and vacated the portion of the order granting remediation of approximately $203 million on the grounds of federal preemption. The Ninth Circuit affirmed the District Court's finding that Wells Fargo violated a California state law prohibition on fraudulent representations and remanded the case to the District Court for further proceedings. On August 5, 2013, the District Court entered a judgment against Wells Fargo in the approximate amount of $203 million, together with post-judgment interest thereon from October 25, 2010, and, effective as of July 15, 2013, enjoined Wells Fargo from making or disseminating additional misrepresentations about its order of posting of transactions. On August 7, 2013, Wells Fargo appealed the judgment to the Ninth Circuit.

SECURITIES LENDING LITIGATION Wells Fargo Bank, N.A. is involved in five separate pending actions brought by securities lending customers of Wells Fargo and Wachovia Bank in various courts In general, each of the cases alleges that Wells Fargo violated fiduciary and contractual duties by investing collateral for loaned securities in investments that suffered losses. One of the cases, filed on March 27, 2012, is composed of a class of Wells Fargo securities lending customers in a case captioned *City of Farmington Hills Employees Retirement System v. Wells Fargo Bank, N.A* The class action is pending in the U S. District Court for the District of Minnesota.

OUTLOOK When establishing a liability for contingent litigation losses, the Company determines a range of potential losses for each matter that is both probable and estimable, and records the amount it considers to be the best estimate within the range. The high end of the range of reasonably possible potential litigation losses in excess of the Company's liability for probable and estimable losses was $951 million as of December 31, 2013. For these matters and others where an unfavorable outcome is reasonably possible but not probable, there may be a range of possible losses in excess of the established liability that cannot be estimated. Based on information currently available, advice of counsel, available insurance coverage and established reserves, Wells Fargo believes that the eventual outcome of the actions against Wells Fargo and/or its subsidiaries, including the matters described above, will not, individually or in the aggregate, have a material adverse effect on Wells Fargo's consolidated financial position. However, in the event of unexpected future developments, it is possible that the ultimate resolution of those matters, if unfavorable, may be material to Wells Fargo's results of operations for any particular period.

[redacted]

If the letters "NA," the word "None," or no response appears on the lines above, it will be conclusively presumed that the Disclosing Party certified to the above statements.

8. To the best of the Disclosing Party's knowledge after reasonable inquiry, the following is a complete list of all current employees of the Disclosing Party who were, at any time during the 12-month period preceding the execution date of this EDS, an employee, or elected or appointed official, of the City of Chicago (if none, indicate with "N/A" or "none").

The Disclosing Party certifies that as of the date hereof, to the best of the Disclosing Party's knowledge after due inquiry, the answer with respect to this question is: None. Please note that the foregoing answer is based on an email questionnaire distributed on March 10, 2014 to all Illinois-based employees of Wells Fargo Bank, N.A. and those employees that that work in the Bank's government and institutional banking group, and on an email questionnaire distributed on March 10, 2014 to those employees that work in the Bank's community lending and investment group, and may accordingly have a material relationship with the City.

9. To the best of the Disclosing Party's knowledge after reasonable inquiry, the following is a complete list of all gifts that the Disclosing Party has given or caused to be given, at any time during the 12-month period preceding the execution date of this EDS, to an employee, or elected or appointed official, of the City of Chicago. For purposes of this statement, a "gift" does not include: (i) anything made generally available to City employees or to the general public, or (ii) food or drink provided in the course of official City business and having a retail value of less than $20 per recipient (if none, indicate with "N/A" or "none"). As to any gift listed below, please also list the name of the City recipient.

The Disclosing Party certifies that as of the date hereof, to the best of the Disclosing Party's knowledge after due inquiry, the answer with respect to this question is: None. Please note that the foregoing answer is based on an email questionnaire distributed on March 10, 2014 to all Illinois-based employees of Wells Fargo Bank, N.A. and those employees that that work in the Bank's government and institutional banking group, and on an email questionnaire distributed on March 10, 2014 to those employees that work in the Bank's community lending and investment group, and may accordingly have a material relationship with the City.

C. CERTIFICATION OF STATUS AS FINANCIAL INSTITUTION

1. The Disclosing Party certifies that the Disclosing Party (check one)

[✓] is [ ] is not

a "financial institution" as defined in Section 2-32-455(b) of the Municipal Code.

2. If the Disclosing Party IS a financial institution, then the Disclosing Party pledges:

"We are not and will not become a predatory lender as defined in Chapter 2-32 of the Municipal Code. We further pledge that none of our affiliates is, and none of them will become, a predatory lender as defined in Chapter 2-32 of the Municipal Code. We understand that becoming a predatory lender or becoming an affiliate of a predatory lender may result in the loss of the privilege of doing business with the City."

If the Disclosing Party is unable to make this pledge because it or any of its affiliates (as defined in Section 2-32-455(b) of the Municipal Code) is a predatory lender within the meaning of Chapter 2-32 of the Municipal Code, explain here (attach additional pages if necessary):

If the letters "NA," the word "None," or no response appears on the lines above, it will be conclusively presumed that the Disclosing Party certified to the above statements.

D. CERTIFICATION REGARDING INTEREST IN CITY BUSINESS

Any words or terms that are defined in Chapter 2-156 of the Municipal Code have the same meanings when used in this Part D.

1. In accordance with Section 2-156-110 of the Municipal Code: Does any official or employee of the City have a financial interest in his or her own name or in the name of any other person or entity in the Matter?

[ ] Yes [✓] No

NOTE: If you checked "Yes" to Item D.1., proceed to Items D.2. and D.3. If you checked "No" to Item D.1., proceed to Part E.

2. Unless sold pursuant to a process of competitive bidding, or otherwise permitted, no City elected official or employee shall have a financial interest in his or her own name or in the name of any other person or entity in the purchase of any property that (i) belongs to the City, or (ii) is sold for taxes or assessments, or (iii) is sold by virtue of legal process at the suit of the City (collectively, "City Property Sale"). Compensation for property taken pursuant to the City's eminent domain power does not constitute a financial interest within the meaning of this Part D.

Does the Matter involve a City Property Sale?

[✓] Yes [ ] No

3. If you checked "Yes" to Item D.1., provide the names and business addresses of the City officials or employees having such interest and identify the nature of such interest:

Name	Business Address	Nature of Interest
N/A		

4. The Disclosing Party further certifies that no prohibited financial interest in the Matter will be acquired by any City official or employee.

E. CERTIFICATION REGARDING SLAVERY ERA BUSINESS

Please check either 1. or 2. below. If the Disclosing Party checks 2., the Disclosing Party must disclose below or in an attachment to this EDS all information required by paragraph 2. Failure to

comply with these disclosure requirements may make any contract entered into with the City in connection with the Matter voidable by the City.

____1. The Disclosing Party verifies that the Disclosing Party has searched any and all records of the Disclosing Party and any and all predecessor entities regarding records of investments or profits from slavery or slaveholder insurance policies during the slavery era (including insurance policies issued to slaveholders that provided coverage for damage to or injury or death of their slaves), and the Disclosing Party has found no such records.

✓ 2. The Disclosing Party verifies that, as a result of conducting the search in step 1 above, the Disclosing Party has found records of investments or profits from slavery or slaveholder insurance policies. The Disclosing Party verifies that the following constitutes full disclosure of all such records, including the names of any and all slaves or slaveholders described in those records:
SEE ATTACHMENT "D"

SECTION VI -- CERTIFICATIONS FOR FEDERALLY FUNDED MATTERS

NOTE: If the Matter is federally funded, complete this Section VI. **If the Matter is not federally funded**, proceed to Section VII. For purposes of this Section VI, tax credits allocated by the City and proceeds of debt obligations of the City are not federal funding.

A. CERTIFICATION REGARDING LOBBYING

1. List below the names of all persons or entities registered under the federal Lobbying Disclosure Act of 1995 who have made lobbying contacts on behalf of the Disclosing Party with respect to the Matter: (Add sheets if necessary):
N/A

(If no explanation appears or begins on the lines above, or if the letters "NA" or if the word "None" appear, it will be conclusively presumed that the Disclosing Party means that NO persons or entities registered under the Lobbying Disclosure Act of 1995 have made lobbying contacts on behalf of the Disclosing Party with respect to the Matter.)

2. The Disclosing Party has not spent and will not expend any federally appropriated funds to pay any person or entity listed in Paragraph A.1. above for his or her lobbying activities or to pay any person or entity to influence or attempt to influence an officer or employee of any agency, as defined by applicable federal law, a member of Congress, an officer or employee of Congress, or an employee of a member of Congress, in connection with the award of any federally funded contract, making any federally funded grant or loan, entering into any cooperative agreement, or to extend, continue, renew, amend, or modify any federally funded contract, grant, loan, or cooperative agreement.

3. The Disclosing Party will submit an updated certification at the end of each calendar quarter in which there occurs any event that materially affects the accuracy of the statements and information set forth in paragraphs A.1. and A.2. above.

4. The Disclosing Party certifies that either: (i) it is not an organization described in section 501(c)(4) of the Internal Revenue Code of 1986; or (ii) it is an organization described in section 501(c)(4) of the Internal Revenue Code of 1986 but has not engaged and will not engage in "Lobbying Activities".

5. If the Disclosing Party is the Applicant, the Disclosing Party must obtain certifications equal in form and substance to paragraphs A.1. through A.4. above from all subcontractors before it awards any subcontract and the Disclosing Party must maintain all such subcontractors' certifications for the duration of the Matter and must make such certifications promptly available to the City upon request.

B. CERTIFICATION REGARDING EQUAL EMPLOYMENT OPPORTUNITY

If the Matter is federally funded, federal regulations require the Applicant and all proposed subcontractors to submit the following information with their bids or in writing at the outset of negotiations.

Is the Disclosing Party the Applicant?

[ ] Yes [✓] No

If "Yes," answer the three questions below:

1. Have you developed and do you have on file affirmative action programs pursuant to applicable federal regulations? (See 41 CFR Part 60-2.)
[ ] Yes [ ] No

2. Have you filed with the Joint Reporting Committee, the Director of the Office of Federal Contract Compliance Programs, or the Equal Employment Opportunity Commission all reports due under the applicable filing requirements?
[ ] Yes [ ] No

3. Have you participated in any previous contracts or subcontracts subject to the equal opportunity clause?
[ ] Yes [ ] No

If you checked "No" to question 1. or 2. above, please provide an explanation:

_____

_____

SECTION VII -- ACKNOWLEDGMENTS, CONTRACT INCORPORATION, COMPLIANCE, PENALTIES, DISCLOSURE

The Disclosing Party understands and agrees that:

A. The certifications, disclosures, and acknowledgments contained in this EDS will become part of any contract or other agreement between the Applicant and the City in connection with the Matter, whether procurement, City assistance, or other City action, and are material inducements to the City's execution of any contract or taking other action with respect to the Matter. The Disclosing Party understands that it must comply with all statutes, ordinances, and regulations on which this EDS is based.

B. The City's Governmental Ethics and Campaign Financing Ordinances, Chapters 2-156 and 2-164 of the Municipal Code, impose certain duties and obligations on persons or entities seeking City contracts, work, business, or transactions. The full text of these ordinances and a training program is available on line at www.cityofchicago.org/Ethics, and may also be obtained from the City's Board of Ethics, 740 N.

Sedgwick St., Suite 500, Chicago, IL 60610, (312) 744-9660. The Disclosing Party must comply fully with the applicable ordinances.

C. If the City determines that any information provided in this EDS is false, incomplete or inaccurate, any contract or other agreement in connection with which it is submitted may be rescinded or be void or voidable, and the City may pursue any remedies under the contract or agreement (if not rescinded or void), at law, or in equity, including terminating the Disclosing Party's participation in the Matter and/or declining to allow the Disclosing Party to participate in other transactions with the City. Remedies at law for a false statement of material fact may include incarceration and an award to the City of treble damages.

D. It is the City's policy to make this document available to the public on its Internet site and/or upon request. Some or all of the information provided on this EDS and any attachments to this EDS may be made available to the public on the Internet, in response to a Freedom of Information Act request, or otherwise. By completing and signing this EDS, the Disclosing Party waives and releases any possible rights or claims which it may have against the City in connection with the public release of information contained in this EDS and also authorizes the City to verify the accuracy of any information submitted in this EDS.

E. The information provided in this EDS must be kept current. In the event of changes, the Disclosing Party must supplement this EDS up to the time the City takes action on the Matter. If the Matter is a contract being handled by the City's Department of Procurement Services, the Disclosing Party must update this EDS as the contract requires. **NOTE:** With respect to Matters subject to Article I of Chapter 1-23 of the Municipal Code (imposing **PERMANENT INELIGIBILITY** for certain specified offenses), the information provided herein regarding eligibility must be kept current for a longer period, as required by Chapter 1-23 and Section 2-154-020 of the Municipal Code.

The Disclosing Party represents and warrants that:

SLAVERY ERA BUSINESS SUMMARY

After years of research, Wells Fargo has found no records that indicate it – or any entities it acquired before the Wachovia merger – had ever financed slavery, held slaves as collateral, owned slaves, or profited from slavery.

With the Wachovia merger, Wells Fargo inherited hundreds of Wachovia's predecessor financial institutions, including two that had extensive involvement in slavery. In 2005 Wachovia announced these findings and apologized for the role its predecessors played and renewed its commitment to preserve and promote the history of the African-American experience in our nation. Wells Fargo shares that commitment and affirms its long-standing opposition to slavery.

The following narrative summarizes the results of the research that has been performed regarding Wachovia Bank and its ties to slavery.

SUMMARY OF RESEARCH

External research has revealed that two predecessor institutions of the undersigned, the Georgia Railroad & Banking Company and the Bank of Charleston, owned slaves.

Due to incomplete records, the undersigned cannot determine exactly how many slaves either the Georgia Railroad and Banking Company or the Bank of Charleston owned. Through specific transactional records, researchers determined that the Georgia Railroad and Banking Company owned at least 162 slaves, and the Bank of Charleston accepted at least 529 slaves as collateral on mortgaged properties or loans, and acquired an undetermined number of these individuals when customers defaulted on their loans.

The Georgia Railroad and Banking Company was founded in 1833 to complete a railroad line between the City of Augusta and the interior of the state of Georgia. The company relied on slave labor for the construction and maintenance of this railway. According to the existing and searchable bank records, 162 slaves were owned or authorized to be purchased by the Georgia Railroad and Banking Company between 1836 and 1842. In addition, the company awarded work to contractors who purchased at least 400 slaves to perform work on the railways.

The Bank of Charleston, founded in 1834, issued loans and mortgages where enslaved individuals were used as collateral. A review of the bank's account ledgers revealed a minimum of 24 transactions involving reference to 529 enslaved individuals being used as collateral. In most cases, the loan was paid on schedule, and the bank never took possession of slaves that were pledged as collateral on the loan. In several documented instances, however, customers defaulted on their loans and the Bank of Charleston took actual possession of slaves. The total number of slaves of whom the bank took possession cannot be accurately tallied due to the lack of records.

In addition, ten predecessor companies were determined to have profited more indirectly from slavery through the following means:

- Founders, directors, or account holders who owned slaves and/or profited directly from slavery;
- Investing in or transacting business with companies or individuals that owned slaves;
- Investing in the bonds of slave states and municipalities;
- Investing in U.S. government bonds during years when the United States permitted and profited from slave labor directly through taxation.

These institutions are:

- Bank of North America (Philadelphia, Pa.)
- Bank of Baltimore
- The Philadelphia Bank (later Philadelphia National Bank)
- Farmers' & Mechanics' Bank of Philadelphia
- Pennsylvania Company for Insurances on Lives and the Granting of Annuities
- State Bank of Elizabeth (Elizabeth, N.J.)
- State Bank of Newark (Newark, N.J.)
- Savings Bank of Baltimore
- Girard National Bank
- The Carswell Group (established in 1868, acquired by Palmer & Cay, Inc. in 1985)
- The Trenton Banking Company

F.1. The Disclosing Party is not delinquent in the payment of any tax administered by the Illinois Department of Revenue, nor are the Disclosing Party or its Affiliated Entities delinquent in paying any fine, fee, tax or other charge owed to the City. This includes, but is not limited to, all water charges, sewer charges, license fees, parking tickets, property taxes or sales taxes.

F.2 If the Disclosing Party is the Applicant, the Disclosing Party and its Affiliated Entities will not use, nor permit their subcontractors to use, any facility listed by the U.S. E.P.A. on the federal Excluded Parties List System ("EPLS") maintained by the U. S. General Services Administration.

F.3 If the Disclosing Party is the Applicant, the Disclosing Party will obtain from any contractors/subcontractors hired or to be hired in connection with the Matter certifications equal in form and substance to those in F.1. and F.2. above and will not, without the prior written consent of the City, use any such contractor/subcontractor that does not provide such certifications or that the Disclosing Party has reason to believe has not provided or cannot provide truthful certifications.

NOTE: If the Disclosing Party cannot certify as to any of the items in F.1., F.2. or F.3. above, an explanatory statement must be attached to this EDS.

CERTIFICATION

Under penalty of perjury, the person signing below: (1) warrants that he/she is authorized to execute this EDS and Appendix A (if applicable) on behalf of the Disclosing Party, and (2) warrants that all certifications and statements contained in this EDS and Appendix A (if applicable) are true, accurate and complete as of the date furnished to the City.

Wells Fargo & Company
(Print or type name of Disclosing Party)

By: _____
(Sign here)

Jon R. Campbell
(Print or type name of person signing)

Executive Vice President
(Print or type title of person signing)

Signed and sworn to before me on (date) June 19, 2014,
at Hennepin County, Minnesota (state).

Patricia A. Ruedenberg Notary Public.

Commission expires: 1/31/2015.

PATRICIA A. RUEDENBERG
NOTARY PUBLIC - MINNESOTA
MY COMMISSION EXPIRES 01/31/15

CITY OF CHICAGO
ECONOMIC DISCLOSURE STATEMENT AND AFFIDAVIT
APPENDIX A

FAMILIAL RELATIONSHIPS WITH ELECTED CITY OFFICIALS AND DEPARTMENT HEADS

This Appendix is to be completed only by (a) the Applicant, and (b) any legal entity which has a direct ownership interest in the Applicant exceeding 7.5 percent. It is not to be completed by any legal entity which has only an indirect ownership interest in the Applicant.

Under Municipal Code Section 2-154-015, the Disclosing Party must disclose whether such Disclosing Party or any "Applicable Party" or any Spouse or Domestic Partner thereof currently has a "familial relationship" with any elected city official or department head. A "familial relationship" exists if, as of the date this EDS is signed, the Disclosing Party or any "Applicable Party" or any Spouse or Domestic Partner thereof is related to the mayor, any alderman, the city clerk, the city treasurer or any city department head as spouse or domestic partner or as any of the following, whether by blood or adoption: parent, child, brother or sister, aunt or uncle, niece or nephew, grandparent, grandchild, father-in-law, mother-in-law, son-in-law, daughter-in-law, stepfather or stepmother, stepson or stepdaughter, stepbrother or stepsister or half-brother or half-sister.

"Applicable Party" means (1) all executive officers of the Disclosing Party listed in Section II.B.1.a., if the Disclosing Party is a corporation; all partners of the Disclosing Party, if the Disclosing Party is a general partnership; all general partners and limited partners of the Disclosing Party, if the Disclosing Party is a limited partnership; all managers, managing members and members of the Disclosing Party, if the Disclosing Party is a limited liability company; (2) all principal officers of the Disclosing Party; and (3) any person having more than a 7.5 percent ownership interest in the Disclosing Party. "Principal officers" means the president, chief operating officer, executive director, chief financial officer, treasurer or secretary of a legal entity or any person exercising similar authority.

Does the Disclosing Party or any "Applicable Party" or any Spouse or Domestic Partner thereof currently have a "familial relationship" with an elected city official or department head?

[ ] Yes [X] No

If yes, please identify below (1) the name and title of such person, (2) the name of the legal entity to which such person is connected; (3) the name and title of the elected city official or department head to whom such person has a familial relationship, and (4) the precise nature of such familial relationship.

Attachment to City of Chicago
Economic Disclosure Statement and Affidavit
Appendix A

Familial Relationships with Elected City Officials and Department Heads

To the best of the Disclosing Party's knowledge, after due inquiry, the Disclosing Party has no familial relationships as referenced in this Appendix A. Please note, that the Disclosing Party has limited its inquiry to the Persons identified in Section II.B.1 of the EDS.

FORM 10-K

BERKSHIRE HATHAWAY INC- BRK.B

Filed: March 03, 2014 (period: December 31, 2013)

Annual report with a comprehensive overview of the company

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

ANNUAL REPORT
PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2013

Commission file number 001-14905

BERKSHIRE HATHAWAY INC.

(Exact name of Registrant as specified in its charter)

Delaware	47-0813844
State or other jurisdiction of incorporation or organization	(I.R.S. Employer Identification Number)
3555 Farnam Street, Omaha, Nebraska	68131
(Address of principal executive office)	(Zip Code)

Registrant's telephone number, including area code (402) 346-1400

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
Class A common stock, $5.00 Par Value	New York Stock Exchange
Class B common stock, $0.0033 Par Value	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: NONE

Indicate by check mark if the Registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☑ No ☐

Indicate by check mark if the Registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☑

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months, and (2) has been subject to such filing requirements for the past 90 days. Yes ☑ No ☐

Indicate by check mark whether the Registrant has submitted electronically and posted on its corporate Website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulations S-T during the preceding 12 months. Yes ☑ No ☐

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of Registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☐

Indicate by check mark whether the Registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.:

Large accelerated filer ☑ Accelerated filer ☐ Non-accelerated filer ☐ Smaller reporting company ☐

Indicate by check mark whether the Registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☑

State the aggregate market value of the voting stock held by non-affiliates of the Registrant as of June 30, 2013: $205,145,000,000*

Indicate number of shares outstanding of each of the Registrant's classes of common stock:

February 18, 2014—Class A common stock, $5 par value	857,911 shares
February 18, 2014—Class B common stock, $0.0033 par value	1,179,141,327 shares

DOCUMENTS INCORPORATED BY REFERENCE

Document	Incorporated In
Proxy Statement for Registrant's Annual Meeting to be held May 3, 2014	Part III

* This aggregate value is computed at the last sale price of the common stock on June 30, 2013. It does not include the value of Class A common stock (367,832 shares) and Class B common stock (84,449,183 shares) held by Directors and Executive Officers of the Registrant and members of their immediate families, some of whom may not constitute "affiliates" for purpose of the Securities Exchange Act of 1934.

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Part I

Item 1. Business

Berkshire Hathaway Inc. ("Berkshire," "Company" or "Registrant") is a holding company owning subsidiaries engaged in a number of diverse business activities. The most important of these are insurance businesses conducted on both a primary basis and a reinsurance basis, a freight rail transportation business and a group of utility and energy generation and distribution businesses. Berkshire also owns and operates a large number of other businesses engaged in a variety of activities, as identified herein. Berkshire is domiciled in the state of Delaware, and its corporate headquarters are located in Omaha, Nebraska.

Berkshire's operating businesses are managed on an unusually decentralized basis. There are essentially no centralized or integrated business functions (such as sales, marketing, purchasing, legal or human resources) and there is minimal involvement by Berkshire's corporate headquarters in the day-to-day business activities of the operating businesses. Berkshire's corporate office senior management participates in and is ultimately responsible for significant capital allocation decisions, investment activities and the selection of the Chief Executive to head each of the operating businesses. It also is responsible for establishing and monitoring Berkshire's corporate governance efforts, including, but not limited to, communicating the appropriate "tone at the top" messages to its employees and associates, monitoring governance efforts, including those at the operating businesses, and participating in the resolution of governance-related issues as needed.

Berkshire and its consolidated subsidiaries employ approximately 302,000 persons world-wide, of which 25 are located at the corporate headquarters.

Insurance and Reinsurance Businesses

Berkshire's insurance and reinsurance business activities are conducted through numerous domestic and foreign-based insurance entities. Berkshire's insurance businesses provide insurance and reinsurance of property and casualty risks world-wide and also reinsure life, accident and health risks world-wide.

In primary (or direct) insurance activities, the insurer assumes the risk of loss from persons or organizations that are directly subject to the risks. Such risks may relate to property, casualty (or liability), life, accident, health, financial or other perils that may arise from an insurable event. In reinsurance activities, the reinsurer assumes defined portions of risks that other primary insurers or reinsurers have assumed in their own insuring activities.

Reinsurance contracts are normally classified as treaty or facultative contracts. Treaty reinsurance refers to reinsurance coverage for all or a portion of a specified class of risks ceded by the primary insurer, while facultative reinsurance involves coverage of specific individual risks. Reinsurance contracts are further classified as quota-share or excess. Under quota-share (proportional or pro-rata) reinsurance, the reinsurer shares proportionally in the original premiums, losses and expenses of the primary insurer or reinsurer. Excess (or non-proportional) reinsurance provides for the indemnification of the primary insurer or reinsurer for all or a portion of the loss in excess of an agreed upon amount or "retention." Both quota-share and excess reinsurance contracts may provide for aggregate limits of indemnification.

Insurance and reinsurance are generally subject to regulatory oversight throughout the world. Except for regulatory considerations, there are virtually no barriers to entry into the insurance and reinsurance industry. Competitors may be domestic or foreign, as well as licensed or unlicensed. The number of competitors within the industry is not known. Insurers and reinsurers compete on the basis of reliability, financial strength and stability, ratings, underwriting consistency, service, business ethics, price, performance, capacity, policy terms and coverage conditions.

Insurers and reinsurers based in the United States are subject to regulation by their state of domicile and by those states in which they are licensed or write policies on a non-admitted basis. The primary focus of regulation is to assure that insurers are financially solvent and that policyholder interests are otherwise protected. States establish minimum capital levels for insurance companies and establish guidelines for permissible business and investment activities. States have the authority to suspend or revoke a given company's authority to do business as conditions warrant. States regulate the payment of dividends by insurance companies to their shareholders and other transactions with affiliates. Dividends and capital distributions and other transactions of extraordinary amounts are subject to prior regulatory approval.

Insurers may market, sell and service insurance policies in the states where they are licensed. These insurers are referred to as admitted insurers. Admitted insurers are generally required to obtain regulatory approval of their policy forms and premium rates. Non-admitted insurance markets have developed to provide insurance that is otherwise unavailable from the admitted

insurance markets of a state. Non-admitted insurance, often referred to as "excess and surplus" lines, is procured by either state-licensed surplus lines brokers who place risks with insurers not licensed in that state or by the insured party's direct procurement from non-admitted insurers. Non-admitted insurance is subject to considerably less regulation with respect to policy rates and forms. Reinsurers are normally not required to obtain regulatory approval of premium rates and policy forms.

The insurance regulators of every state participate in the National Association of Insurance Commissioners ("NAIC"). The NAIC adopts forms, instructions and accounting procedures for use by U.S. insurers and reinsurers in preparing and filing annual statutory financial statements. However, an insurer's state of domicile has ultimate authority over these matters. In addition to its activities relating to the annual statement, the NAIC develops or adopts statutory accounting principles, model laws, regulations and programs for use by its members. Such matters deal with regulatory oversight of solvency, compliance with financial regulation standards and risk-based capital reporting requirements.

Berkshire's insurance companies maintain capital strength at exceptionally high levels. This strength differentiates Berkshire's insurance companies from their competitors. Collectively, the aggregate statutory surplus of Berkshire's U.S. based insurers was approximately $129 billion at December 31, 2013. All of Berkshire's major insurance subsidiaries are rated AA+ by Standard & Poor's and A++ (superior) by A.M. Best with respect to their financial condition and operating performance.

The Terrorism Risk Insurance Act of 2002 established within the Department of the Treasury a Terrorism Insurance Program ("Program") for commercial property and casualty insurers by providing federal reinsurance of insured terrorism losses. The Program currently extends to December 31, 2014 through other Acts, most recently the Terrorism Risk Insurance Program Reauthorization Act of 2007. Hereinafter these Acts are collectively referred to as TRIA. Under TRIA, the Department of the Treasury is charged with certifying "acts of terrorism." Coverage under TRIA occurs when the industry insured loss for a certified event exceeds $100 million. To be eligible for federal reinsurance, insurers must make available insurance coverage for acts of terrorism, by providing policyholders with clear and conspicuous notice of the amount of premium that will be charged for this coverage and of the federal share of any insured losses resulting from any act of terrorism. Assumed reinsurance is specifically excluded from TRIA participation. TRIA currently also excludes certain forms of direct insurance (such as commercial auto, burglary, theft, surety and certain professional liability lines) Reinsurers are not required to offer terrorism coverage and are not eligible for federal reinsurance of terrorism losses.

In the event of a certified act of terrorism, the federal government will reimburse insurers (conditioned on their satisfaction of policyholder notification requirements) for 85% of their insured losses in excess of an insurance group's deductible. Under the Program currently in effect, the deductible is 20% of the aggregate direct subject earned premium for relevant commercial lines of business in the immediately preceding calendar year. The aggregate deductible in 2014 for Berkshire's consolidated insurance and reinsurance businesses will be approximately $575 million. There is also an aggregate limit of $100 billion on the amount of the federal government coverage for each TRIA year. It is not currently known whether TRIA will be extended beyond 2014.

Regulation of the insurance industry outside of the United States is subject to the differing laws and regulations of each country in which an insurer has operations or writes premiums. Some jurisdictions impose complex regulatory requirements on insurance businesses while other jurisdictions impose fewer requirements. In certain foreign countries, reinsurers are required to be licensed by governmental authorities. These licenses may be subject to modification, suspension or revocation dependent on such factors as amount and types of insurance liabilities and minimum capital and solvency tests. The violation of regulatory requirements may result in fines, censures and/or criminal sanctions in various jurisdictions. Berkshire subsidiaries have historically provided insuring capacity to insurance syndicates at Lloyd's of London. Such capacity entitles the Berkshire subsidiaries to a share of the risks and rewards of the activities of the syndicates in proportion to the amount of capacity provided. This business is subject to regulation by the United Kingdom's Prudential Regulation Authority which maintains comprehensive rules and regulations covering the legal, financial and operating activities of managing agents and syndicates.

Berkshire's insurance underwriting operations are comprised of the following sub-groups: (1) GEICO and its subsidiaries, (2) General Re and its subsidiaries, (3) Berkshire Hathaway Reinsurance Group and (4) Berkshire Hathaway Primary Group. Except for certain retroactive reinsurance products that generate significant amounts of up-front premiums along with estimated claims expected to be paid over very long periods of time creating "float" (see Investments section below), Berkshire expects to achieve a net underwriting profit over time and will reject inadequately priced risks. Underwriting profit is earned premiums less associated incurred losses, loss adjustment expenses and underwriting and policy acquisition expenses. Underwriting profit does not include investment income earned from investments. Berkshire's insurance subsidiaries employ approximately 36,000 persons in the aggregate. Additional information related to each of Berkshire's four underwriting groups follows.

GEICO—GEICO is headquartered in Chevy Chase, Maryland and its insurance subsidiaries consist of: Government Employees Insurance Company, GEICO General Insurance Company, GEICO Indemnity Company, GEICO Casualty Company, GEICO Advantage Insurance Company, GEICO Choice Insurance Company and GEICO Secure Insurance Company. These companies primarily offer private passenger automobile insurance to individuals in all 50 states and the District of Columbia. In addition, GEICO insures motorcycles, all-terrain vehicles, recreational vehicles and small commercial fleets and acts as an agent for other insurers who offer homeowners, boat and life insurance to individuals. GEICO markets its policies primarily through direct response methods in which applications for insurance are submitted directly to the companies via the Internet or by telephone.

GEICO competes for private passenger auto insurance customers with other companies that sell directly to the customer as well as with companies that use agency sales forces. The automobile insurance business is highly competitive in the areas of price and service. Some insurance companies may exacerbate price competition by selling their products for a period of time at less than adequate rates. GEICO will not knowingly follow that strategy.

As a result of an aggressive advertising campaign and competitive rates, voluntary policies-in-force have increased about 40% over the past five years. GEICO was the third largest private passenger auto insurer in the United States in terms of premium volume in 2012. According to A.M. Best data for 2012, the five largest automobile insurers have a combined market share of 52%, with GEICO's market share being approximately 9.7%. Since the publication of that data, management believes that GEICO's current market share has grown to approximately 10.4% and that it is now the second largest private passenger auto insurer in the United States. Seasonal variations in GEICO's insurance business are not significant. However, extraordinary weather conditions or other factors may have a significant effect upon the frequency or severity of automobile claims.

Private passenger auto insurance is stringently regulated by state insurance departments. As a result, it is difficult for insurance companies to differentiate their products. Competition for private passenger automobile insurance, which is substantial, tends to focus on price and level of customer service provided. GEICO's cost-efficient direct response marketing methods and emphasis on customer satisfaction enable it to offer competitive rates and value to its customers. GEICO primarily uses its own claims staff to manage and settle claims.

The name and reputation of GEICO is a material asset and management protects it and other service marks through appropriate registrations.

General Re—General Re Corporation ("General Re") is the holding company of General Reinsurance Corporation ("GRC") and its subsidiaries and affiliates. GRC's subsidiaries include General Reinsurance AG, a major international reinsurer based in Germany. General Re subsidiaries currently conduct business activities globally in 51 cities and provide insurance and reinsurance coverages throughout the world. General Re provides property/casualty insurance and reinsurance, life/health reinsurance and other reinsurance intermediary and risk management services, underwriting management and investment management services. General Re is one of the largest reinsurers in the world based on premium volume and shareholder capital.

Property/Casualty Reinsurance

General Re's property/casualty reinsurance business in North America is conducted through GRC domiciled in Delaware and licensed in the District of Columbia and all states but Hawaii where it is an accredited reinsurer. Property/casualty operations in North America are headquartered in Stamford, Connecticut, and are also conducted through 16 branch offices in the U.S. and Canada. Reinsurance activities are marketed directly to clients without involving a broker or intermediary. Coverages are written primarily on an excess basis and under treaty and facultative contracts. In 2013, approximately 35% of net written premiums in North America related to casualty reinsurance coverages and 46% related to property reinsurance coverages.

General Re's property/casualty business in North America also includes a few smaller specialty insurers (primarily the General Star and Genesis companies domiciled in Delaware and Connecticut.) These specialty insurers underwrite primarily liability and workers' compensation coverages on an excess and surplus basis and excess insurance for self-insured programs. In 2013, the specialty insurers represented approximately 19% of General Re's North American property/casualty net written premiums.

General Re's international property/casualty reinsurance business operations are conducted through internationally-based subsidiaries on a direct basis (via General Reinsurance AG as well as several other General Re subsidiaries and branches in 23 countries) and through brokers (primarily via Faraday, which owns the managing agent of Syndicate 435 at Lloyd's of London

and provides capacity and participates in 100% of the results of Syndicate 435). Coverages are written on both a quota-share and excess basis for multiple lines of property, aviation and casualty reinsurance coverage. In 2013, international-based property/casualty operations principally wrote direct reinsurance in the form of treaties with lesser amounts written on a facultative basis.

Life/Health Reinsurance

General Re's North American and international life, health, long-term care and disability reinsurance coverages are written on an individual and group basis. Most of this business is written on a proportional treaty basis, with the exception of the U.S. group health and disability business which is predominately written on an excess treaty basis. Lesser amounts of life and disability business are written on a facultative basis. The life/health business is marketed on a direct basis. In 2013, approximately 42% of life/health net premiums were written in the United States, 25% in Western Europe and the remaining 33% throughout the rest of the world.

Berkshire Hathaway Reinsurance Group—The Berkshire Hathaway Reinsurance Group ("BHRG") operates from offices located in Stamford, Connecticut. Business activities are conducted through a group of subsidiary companies, led by National Indemnity Company ("NICO") and Columbia Insurance Company ("Columbia"). BHRG provides principally excess and quota-share reinsurance to other property and casualty insurers and reinsurers. BHRG also offers life reinsurance and annuity contracts through Berkshire Hathaway Life Insurance Company of Nebraska ("BHLN") and financial guaranty insurance through Berkshire Hathaway Assurance Corporation.

The type and volume of insurance and reinsurance business written by BHRG is dependent on current market conditions, including prevailing premium rates and coverage terms as perceived by management, and can change rapidly. The level of BHRG's underwriting activities often fluctuates significantly from year to year depending on the perceived level of price adequacy in specific insurance and reinsurance markets.

BHRG writes catastrophe excess-of-loss treaty reinsurance contracts. BHRG also writes individual policies for primarily large or otherwise unusual discrete risks on both an excess direct and facultative reinsurance basis, referred to as "individual risk," which includes policies covering terrorism, natural catastrophe and aviation risks. A catastrophe excess-of-loss policy provides protection to the counterparty from the accumulation of primarily property losses arising from a single loss event or series of related events Catastrophe and individual risk policies may provide significant amounts of indemnification per contract and a single loss event may produce losses under a number of contracts. As a result, catastrophe and individual risk business can produce extremely volatile periodic underwriting results. The extraordinary financial strength of NICO and Columbia are believed to be the primary reasons why BHRG has become a major provider of such coverages.

BHRG periodically assumes risks under retroactive reinsurance contracts. Retroactive reinsurance contracts afford protection to ceding companies against the adverse development of claims arising under policies issued in prior years. Coverage under such contracts is provided on an excess basis or immediately with respect to losses payable after the inception of the contract. Coverage provided is normally subject to a large aggregate limit of indemnification. Significant amounts of asbestos, environmental and latent injury claims may arise under the contracts. Under certain contracts, the limits of indemnification provided are exceptionally large. In 2007, an agreement became effective between NICO and Equitas, a London based entity established to reinsure and manage the 1992 and prior years' non-life liabilities of the Names or Underwriters at Lloyd's of London. Under the agreement NICO provides up to $7 billion of new reinsurance to Equitas. In 2009, NICO agreed to provide up to 5 billion Swiss Francs of aggregate excess retroactive protection to Swiss Reinsurance Company Ltd. and its affiliates ("Swiss Re"). In 2010, NICO entered into a reinsurance agreement with Continental Casualty Company, a subsidiary of CNA Financial Corporation ("CNA"), and several of CNA's other insurance subsidiaries (collectively the "CNA Companies") under which NICO assumed the asbestos and environmental pollution liabilities of the CNA Companies subject to a maximum limit of indemnification of $4 billion. In 2011, NICO entered into a contract with Eaglestone Reinsurance Company, a subsidiary of American International Group, Inc. ("AIG"). Under the contract, NICO agreed to reinsure the bulk of AIG's U.S. asbestos liabilities up to a maximum limit of indemnification of $3.5 billion.

In BHRG's retroactive reinsurance business, the concept of time-value-of-money is an important element in establishing prices and contract terms, since the payment of losses under the insurance contracts are often expected to occur over lengthy periods of time. Losses payable under the contracts are normally expected to exceed premiums and therefore, produce underwriting losses. This business is accepted, in part, because of the large amounts of policyholder funds ("float") generated for investment, the economic benefit of which will be reflected through investment results in future periods.

BHRG also underwrites traditional non-catastrophe insurance and reinsurance coverages, referred to as multi-line property/casualty business and beginning on January 1, 2008, it included a five-year 20% quota-share of property and casualty business underwritten by Swiss Re and its major property/casualty affiliates. This contract expired with respect to business incepting after December 31, 2012 and is now in run-off.

For many years, BHLN has offered annuity insurance and reinsurance products, in which it usually receives an upfront premium and makes a stream of annuity payments in the future. In 2010, BHLN entered into a life reinsurance contract with Swiss Re Life & Health America Inc. ("SRLHA"), a subsidiary of Swiss Re. Under the agreement, BHLN assumed the liabilities and subsequent renewal premiums associated with a closed block of yearly renewable term reinsurance business. The agreement, as amended in 2013, is expected to remain in-force for several decades. At the end of 2010, BHLN also acquired the life reinsurance business of Sun Life Assurance Company of Canada.

In the first quarter of 2013, BHRG reinsured certain guaranteed minimum death benefit coverages on a portfolio of variable annuity reinsurance contracts that have been in run-off for a number of years under a 100% coinsurance reinsurance treaty with Connecticut General Life Insurance Company ("CGLIC"). The CGLIC contract will remain in force until the natural expiry of the underlying business, subject to an aggregate limit of indemnification of $3.82 billion.

Berkshire Hathaway Primary Group—The Berkshire Hathaway Primary Group ("BH Primary") is a collection of independently managed primary insurance operations that provide a wide variety of insurance coverages to policyholders located principally in the United States. These various operations are discussed below.

NICO and certain affiliates (referred to as the National Indemnity Primary Group) underwrite motor vehicle and general liability insurance to commercial enterprises on both an admitted and excess and surplus basis. This business is written nationwide primarily through insurance agents and brokers and is based in Omaha, Nebraska.

A collection of insurance companies referred to internally as the "Berkshire Hathaway Homestate Companies" ("BHHC") primarily offer standalone workers' compensation, commercial auto and commercial property coverages. Over the past five years, BHHC has developed a national reach, with the ability to provide first dollar and small to mid-range deductible workers' compensation coverage to employers in all states, except those where coverage is available only through state operated workers compensation funds. As a result, the volume of workers' compensation business written over that period has grown significantly. BHHC serves a diverse client base. BHHC's business is generated primarily through independent agents and BHHC employees adjust substantially all of related claims.

Medical Protective Corporation ("MedPro") offers products and solutions through its subsidiaries (The Medical Protective Company and Princeton Insurance Company, which was acquired at the end of 2011) and is a national leader in providing healthcare malpractice insurance coverage and risk solutions for physicians, dentists, hospitals and health systems, as well as other healthcare facilities and healthcare providers. MedPro has provided insurance coverage to protect healthcare providers against losses since 1899. MedPro's insurance policies are distributed primarily through a nationwide network of appointed agents and brokers. MedPro offers strong claims handling and administration, risk management solutions, and a wide range of insurance coverage features though a team of experienced professional employees.

U.S. Investment Corporation ("USIC"), through its four subsidiaries led by United States Liability Insurance Company, is a specialty insurer that underwrites commercial, professional and personal lines of insurance on an admitted and excess and surplus basis. Policies are marketed in all 50 states and the District of Columbia through wholesale and retail insurance agents. USIC companies underwrite and market 110 distinct specialty property and casualty insurance products.

Applied Underwriters, Inc. ("Applied") is a leading provider of payroll and insurance services to small and mid-sized employers. Applied, through its subsidiaries principally markets SolutionOne®, a product that bundles workers' compensation and other employment related insurance coverages and business services into a seamless package that is designed to reduce the risks and remove the burden of administrative and regulatory requirements faced by small to mid-sized employers. Applied also markets EquityComp® which is a workers' compensation–only product targeted to medium sized employers with a profit sharing component.

In the fourth quarter of 2012, NICO acquired Clal U.S. Holdings, which owns GUARD Insurance Group ("GUARD"). GUARD is based in Wilkes-Barre, Pennsylvania and through four insurance subsidiaries provides commercial property and casualty insurance coverage to small- and mid-sized businesses.

In 2007, Berkshire acquired Boat America Corporation, which owns Seaworthy Insurance Company and controls the Boat Owners Association of the United States (collectively "BoatU.S."). BoatU.S. provides insurance, safety and other services to recreational watercraft owners and enthusiasts. Central States Indemnity Company of Omaha, located in Omaha, Nebraska, historically provided credit and income protection insurance and related services to credit and debit card holders nationwide and recently began writing Medicare Supplement insurance.

Berkshire Hathaway Specialty Insurance ("BHSI") was formed in April 2013 with the goal of providing customers with tailored solutions for large and complex risks ranging from natural catastrophes, to securities litigation, to construction liabilities. BHSI currently provides primary and excess commercial property, casualty, healthcare professional liability, executive and professional lines insurance and related programs. To date, BHSI's business has principally been written on an excess & surplus lines basis in the U.S. market. Eventually, BHSI also plans to write policies on an admitted basis. BHSI has established a home office in Boston and regional underwriting offices in Atlanta, Chicago, Los Angeles and New York. BHSI expects to write business through wholesale and retail insurance brokers, as well as managing general agents. The type and volume of business written by BHSI will depend on prevailing premium rates and coverage terms that are deemed acceptable by its management.

Property and casualty loss liabilities

Berkshire's property and casualty insurance companies establish liabilities for estimated unpaid losses and loss adjustment expenses with respect to claims occurring on or before the balance sheet date. Such estimates include provisions for reported claims or case estimates, provisions for incurred-but-not-reported ("IBNR") claims and legal and administrative costs to settle claims. The estimates of unpaid losses and amounts recoverable under reinsurance are established and continually reviewed by using a variety of actuarial, statistical and analytical techniques. Reference is made to "Critical Accounting Policies," included in Item 7 of this Report.

The table below presents the development of Berkshire's net unpaid losses for property/casualty contracts from 2003 through 2012 and net unpaid loss data as of December 31, 2013. Data in the table related to acquisitions is included from the acquisition date forward. Berkshire's management believes that the liabilities established as of December 31, 2013 are reasonable and adequate. However, due to the inherent uncertainties in the reserving process, it cannot be assured that such balances will ultimately prove to be adequate. Dollar amounts are in millions.

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Unpaid losses per Consolidated Balance Sheet	$ 45,393	$ 45,219	$ 46,034	$ 47,612	$ 56,002	$56,620	$ 59,416	$ 60,075	$63,819	$ 64,160	$ 64,866
Reserve discounts	2,435	2,611	2,798	2,793	2,732	2,616	2,473	2,269	2,130	1,990	1,866
Unpaid losses before discounts	47,828	47,830	50,832	50,405	58,734	59,236	61,889	62,344	65,949	66,150	66,732
Ceded losses	(2,597)	(2,405)	(2,812)	(2,869)	(3,139)	(3,210)	(2,922)	(2,735)	(2,953)	(2,925)	(3,055)
Net unpaid losses	45,231	45,425	48,020	47,536	55,595	56,026	58,967	59,609	62,996	63,225	63,677
Reserve discounts	(2,435)	(2,611)	(2,798)	(2,793)	(2,732)	(2,616)	(2,473)	(2,269)	(2,130)	(1,990)	(1,866)
Deferred charges	(3,087)	(2,727)	(2,388)	(1,964)	(3,987)	(3,923)	(3,957)	(3,810)	(4,139)	(4,019)	(4,359)
Net unpaid losses, net of discounts/deferred charges	$ 39,709	$ 40,087	$ 42,834	$ 42,779	$ 48,876	$49,487	$52,537	$ 53,530	$56,727	$ 57,216	$57,452
Liability re-estimated:											
1 year later	$ 40,618	$ 39,002	$ 42,723	$ 41,811	$47,288	$48,836	$49,955	$51,228	$54,787	$55,557	
2 years later	39,723	39,456	42,468	40,456	46,916	47,293	47,636	49,960	53,600		
3 years later	40,916	39,608	41,645	40,350	45,902	45,675	46,793	49,143			
4 years later	41,418	38,971	41,676	39,198	44,665	45,337	46,099				
5 years later	40,891	39,317	40,884	38,003	44,618	44,914					
6 years later	41,458	38,804	39,888	37,946	44,406						
7 years later	41,061	38,060	40,008	37,631							
8 years later	40,412	38,280	39,796								
9 years later	40,700	38,189									
10 years later	40,778										
Cumulative deficiency (redundancy)	1,069	(1,898)	(3,038)	(5,148)	(4,470)	(4,537)	(6,438)	(4,387)	(3,127)	(1,659)	
Cumulative foreign exchange effect*	(248)	177	(366)	102	533	(57)	143	(211)	(287)	(93)	
Net deficiency (redundancy)	$ 821	$ (1,721)	$ (3,404)	$ (5,046)	$ (3,937)	$ (4,630)	$ (6,295)	$ (4,598)	$ (3,414)	$ (1,752)	
Deferred charge changes and reserve discounts	2,675	2,452	2,317	1,879	1,990	1,826	1,716	985	542	186	
Deficiency (redundancy) before deferred charges and reserve discounts	$ (1,854)	$ (4,173)	$ (5,721)	$ (6,925)	$ (5,927)	$ (6,456)	$ (8,011)	$ (5,583)	$ (3,956)	$ (1,938)	
Cumulative payments											
1 year later	$ 8,828	$ 7,793	$ 9,345	$ 8,865	$ 8,486	$ 8,315	$ 9,191	$ 8,854	$10,628	$ 10,978	
2 years later	13,462	12,666	15,228	13,581	13,394	13,999	14,265	14,593	17,260		
3 years later	17,429	16,463	18,689	16,634	17,557	16,900	17,952	18,300			
4 years later	20,494	18,921	20,890	19,724	19,608	19,478	20,907				
5 years later	22,517	20,650	23,507	21,143	21,660	21,786					
6 years later	24,070	22,865	24,935	22,678	23,595						
7 years later	26,300	24,232	26,266	23,892							
8 years later	27,292	25,430	26,928								
9 years later	28,414	26,624									
10 years later	29,559										

* The amounts of re-estimated liabilities in the table above related to these operations are based on the applicable foreign currency exchange rates as of the end of the re-estimation period. The cumulative foreign exchange effect represents the cumulative effect of changes in foreign exchange rates from the original balance sheet date to the end of the re-estimation period.

The first section of the table reconciles the estimated liability for unpaid losses and loss adjustment expenses recorded at the balance sheet date for each of the indicated years from the gross liability reflected in Berkshire's Consolidated Balance Sheet to the net amount, after reductions for amounts recoverable under ceded reinsurance, deferred charges on retroactive reinsurance contracts and loss reserve discounts.

Certain workers' compensation loss liabilities are discounted for both statutory and GAAP reporting purposes at an interest rate of 4.5% per annum for claims occurring before 2003 and at 1% per annum for claims occurring after 2002. In addition, deferred charges are recorded as assets at the inception of retroactive reinsurance contracts for the excess of the unpaid losses and loss adjustment expenses over the premiums received. The deferred charges are subsequently amortized over the expected claim payment period. Deferred charge amortization and loss reserve discount accretion are recorded as components of insurance losses and loss adjustment expenses incurred.

The second section of the table shows the re-estimated net unpaid losses, including the impact of changes in related reserve discounts and deferred charges, based on experience as of the end of each succeeding year. The re-estimated amount also reflects the effect of loss payments and re-estimation of remaining unpaid liabilities. The line labeled "cumulative deficiency (redundancy)" represents the aggregate increase (decrease) in the initial estimates from the original balance sheet date through December 31, 2013. These amounts have been reported in earnings over time as components of losses and loss adjustment expenses and include accumulated reserve discount accretion and deferred charge amortization. Due to the significance of the deferred charges and reserve discounts, the cumulative changes in such balances which are included in the cumulative deficiency/redundancy amounts are also provided.

The redundancies or deficiencies shown in each column should be viewed independently of the other columns because redundancies or deficiencies arising in earlier years may be included as components of redundancies or deficiencies in the more recent years. Liabilities assumed under retroactive reinsurance contracts are treated as occurrences in the year the contract was entered into, as opposed to when the underlying losses actually occurred, which is prior to the contract date.

The third part of the table shows the cumulative amount of net losses and loss adjustment expenses paid with respect to recorded net liabilities as of the end of each succeeding year. While the information in the table provides a historical perspective on the adequacy of unpaid losses and loss adjustment expenses established in previous years, and the subsequent payments of claims, readers are cautioned against extrapolating redundancies or deficiencies of the past on current unpaid loss balances.

Investments—Invested assets of insurance businesses derive from shareholder capital as well as funds provided from policyholders through insurance and reinsurance business ("float"). Float is an approximation of the amount of net policyholder funds available for investment. That term denotes the sum of unpaid losses and loss adjustment expenses, life, annuity and health benefit liabilities, unearned premiums and other policyholder liabilities less the aggregate amount of premium balances receivable, losses recoverable from reinsurance ceded, deferred policy acquisition costs, deferred charges on reinsurance contracts and related deferred income taxes. On a consolidated basis, the amount of float has grown from approximately $58 billion at the end of 2008 to approximately $77 billion at the end of 2013, primarily through internal growth. BHRG and General Re accounted for approximately 74% of the consolidated float as of December 31, 2013. Equally important as the amount of the float is its cost, represented by Berkshire's periodic net underwriting gain or loss. The increases in the amount of float plus the substantial amounts of shareholder capital devoted to insurance and reinsurance activities have generated meaningful increases in the levels of investments and investment income over the past five years.

Investment portfolios of insurance subsidiaries include ownership of equity securities of other publicly traded companies which are concentrated in relatively few companies and large amounts of fixed maturity securities and cash and cash equivalents. Fixed maturity investments consist of obligations of the U.S. Government, U.S. states and municipalities, mortgage-backed securities issued primarily by the three major U.S. Government and Government-sponsored agencies, as well as obligations of foreign governments and corporate obligations. Investment portfolios are primarily managed by Berkshire's corporate office. Generally, there are no targeted investment allocation rates established by management with respect to investment activities. Rather, management may increase or decrease investments in response to perceived changes in opportunities for income or price appreciation relative to risks associated with the issuers of the securities.

Railroad Business

On February 12, 2010, Berkshire completed its acquisition of Burlington Northern Santa Fe Corporation through the merger of a wholly-owned merger subsidiary and Burlington Northern Santa Fe Corporation The merger subsidiary was the surviving entity and was renamed Burlington Northern Santa Fe, LLC ("BNSF"). BNSF is based in Fort Worth, Texas, and through BNSF Railway Company operates one of the largest railroad systems in North America. BNSF had about 43,000

employees at the end of 2013. BNSF Railway operates one of the largest railroad networks in North America with approximately 32,500 route miles of track (excluding multiple main tracks, yard tracks and sidings) in 28 states and two Canadian provinces. BNSF Railway owns approximately 23,000 route miles, including easements, and operates on approximately 9,500 route miles of trackage rights that permit BNSF Railway to operate its trains with its crews over other railroads' tracks. As of December 31, 2013, the total BNSF Railway system, including single and multiple main tracks, yard tracks and sidings, consisted of approximately 51,000 operated miles of track, all of which are owned by or held under easement by BNSF Railway except for approximately 10,500 miles operated under trackage rights.

In serving the Midwest, Pacific Northwest, Western, Southwestern and Southeastern regions and ports of the country, BNSF transports a range of products and commodities derived from manufacturing, agricultural and natural resource industries. Over half of the freight revenues of BNSF are covered by contractual agreements of varying durations, while the balance is subject to common carrier published prices or quotations offered by BNSF. BNSF's financial performance is influenced by, among other things, general and industry economic conditions at the international, national and regional levels. BNSF's primary routes, including trackage rights, allow it to access major cities and ports in the western and southern United States as well as parts of Canada and Mexico. In addition to major cities and ports, BNSF efficiently serves many smaller markets by working closely with approximately 200 shortline partners. BNSF has also entered into marketing agreements with other rail carriers, expanding the marketing reach for each railroad and their customers. For the year ending December 31, 2013, approximately 33% of freight revenues were derived from consumer products, 27% from industrial products, 23% from coal and 17% from agricultural products.

Regulatory Matters

BNSF is subject to federal, state and local laws and regulations generally applicable to all of its businesses. Rail operations are subject to the regulatory jurisdiction of the Surface Transportation Board ("STB") of the United States Department of Transportation ("DOT"), the Federal Railroad Administration of the DOT, the Occupational Safety and Health Administration ("OSHA"), as well as other federal, state and Canadian regulatory agencies. The STB has jurisdiction over disputes and complaints involving certain rates, routes and services, the sale or abandonment of rail lines, applications for line extensions and construction and consolidation or merger with, or acquisition of control of rail common carriers. The outcome of STB proceedings can affect the profitability of BNSF's business.

The DOT and OSHA have jurisdiction under several federal statutes over a number of safety and health aspects of rail operations, including the transportation of hazardous materials. State agencies regulate some aspects of rail operations with respect to health and safety in areas not otherwise preempted by federal law.

Environmental Matters

BNSF's rail operations, as well as those of its competitors, are also subject to extensive federal, state and local environmental regulation covering discharges to water, air emissions, toxic substances and the generation, handling, storage, transportation and disposal of waste and hazardous materials. This regulation has the effect of increasing the cost and liabilities associated with rail operations. Environmental risks are also inherent in rail operations, which frequently involve transporting chemicals and other hazardous materials.

Many of BNSF's land holdings are and have been used for industrial or transportation-related purposes or leased to commercial or industrial companies whose activities may have resulted in discharges onto the property. As a result, BNSF is now subject to, and will from time to time continue to be subject to, environmental cleanup and enforcement actions. In particular, the federal Comprehensive Environmental Response, Compensation and Liability Act ("CERCLA"), also known as the Superfund law, generally imposes joint and several liability for the cleanup and enforcement costs on current and former owners and operators of a site, without regard to fault or the legality of the original conduct. Accordingly, BNSF may be responsible under CERCLA and other federal and state statutes for all or part of the costs to clean up sites at which certain substances may have been released by BNSF, its current lessees, former owners or lessees of properties, or other third parties. BNSF may also be subject to claims by third parties for investigation, cleanup, restoration or other environmental costs under environmental statutes or common law with respect to properties they own that have been impacted by BNSF operations.

Competition

The business environment in which BNSF operates is highly competitive. Depending on the specific market, deregulated motor carriers and other railroads, as well as river barges, ships and pipelines in certain markets, may exert pressure on price

and service levels. The presence of advanced, high service truck lines with expedited delivery, subsidized infrastructure and minimal empty mileage continues to affect the market for non-bulk, time-sensitive freight. The potential expansion of longer combination vehicles could further encroach upon markets traditionally served by railroads. In order to remain competitive, BNSF and other railroads continue to develop and implement operating efficiencies to improve productivity.

As railroads streamline, rationalize and otherwise enhance their franchises, competition among rail carriers intensifies. BNSF's primary rail competitor in the Western region of the United States is the Union Pacific Railroad Company. Other Class I railroads and numerous regional railroads and motor carriers also operate in parts of the same territories served by BNSF. Based on weekly reporting by the Association of American Railroads, BNSF's share of the western United States rail traffic in 2013 was approximately 49.5 percent.

Utilities and Energy Businesses

Berkshire currently owns an 89.8% voting common stock interest in MidAmerican Energy Holdings Company ("MidAmerican"), an international energy company with subsidiaries that generate, transmit, store, distribute and supply energy. MidAmerican's businesses are managed as separate operating units. MidAmerican's domestic regulated energy interests are currently comprised of four regulated utility companies serving approximately 4.5 million retail customers, two interstate natural gas pipeline companies with approximately 16,400 miles of pipeline and a design capacity of approximately 7.7 billion cubic feet of natural gas per day and a 50% interest in electricity transmission businesses. Its Great Britain electricity distribution subsidiaries serve about 3.9 million electricity end-users. In addition, MidAmerican's interests include a diversified portfolio of domestic independent power projects, a hydroelectric facility in the Philippines, the second-largest residential real estate brokerage firm in the United States, and the second-largest residential real estate brokerage franchise network in the United States. MidAmerican employs approximately 19,700 persons in connection with its various operations.

General Matters

PacifiCorp is a regulated electric utility company headquartered in Oregon, serving electric customers in portions of Utah, Oregon, Wyoming, Washington, Idaho and California. The combined service territory's diverse regional economy ranges from rural, agricultural and mining areas to urban, manufacturing and government service centers. No single segment of the economy dominates the service territory, which helps mitigate PacifiCorp's exposure to economic fluctuations. In addition to retail sales, PacifiCorp sells electricity on a wholesale basis.

MidAmerican Energy Company ("MEC") is a regulated electric and natural gas utility company headquartered in Iowa, serving electric and natural gas customers primarily in Iowa and also in portions of Illinois, South Dakota and Nebraska. MEC has a diverse customer base consisting of urban and rural residential customers and a variety of commercial and industrial customers. In addition to retail sales and natural gas transportation, MEC sells electricity principally to markets operated by regional transmission organizations and regulated natural gas on a wholesale basis and sells electricity and natural gas services in deregulated markets.

NV Energy, Inc. ("NV Energy"), acquired by MidAmerican on December 19, 2013, is an energy holding company headquartered in Nevada, primarily consisting of two regulated utility subsidiaries, Nevada Power Company ("Nevada Power") and Sierra Pacific Power Company ("Sierra Pacific") (collectively, the "Nevada Utilities"). Nevada Power serves electric customers in southern Nevada and Sierra Pacific serves electric and natural gas customers in northern Nevada. The Nevada Utilities' combined service territory's economy includes gaming, mining, recreation, warehousing, manufacturing and governmental. In addition to retail sales, the Nevada Utilities sell electricity on a wholesale basis.

As vertically integrated utilities, MidAmerican's domestic utilities own approximately 24,000 net MW of generation capacity. There are seasonal variations in these businesses that are principally related to the use of electricity for air conditioning and natural gas for heating. Typically, regulated electric revenues are higher in the summer months, while regulated natural gas revenues are higher in the winter months.

The natural gas pipelines consist of Northern Natural Gas Company ("Northern Natural") and Kern River Gas Transmission Company ("Kern River"). Northern Natural is based in Nebraska and owns the largest interstate natural gas pipeline system in the United States, as measured by pipeline miles, reaching from southern Texas to Michigan's Upper Peninsula. Northern Natural's pipeline system consists of approximately 14,700 miles of natural gas pipelines. Northern Natural's extensive pipeline system, which is interconnected with many interstate and intrastate pipelines in the national grid system, has access to supplies from multiple major supply basins and provides transportation services to utilities and numerous

other customers. Northern Natural also operates three underground natural gas storage facilities and two liquefied natural gas storage peaking units. Northern Natural's pipeline system experiences significant seasonal swings in demand and revenue, with the highest demand typically occurring during the months of November through March.

Kern River is based in Utah and owns an interstate natural gas pipeline system that consists of approximately 1,700 miles and extends from supply areas in the Rocky Mountains to consuming markets in Utah, Nevada and California. Kern River transports natural gas for electric utilities and natural gas distribution utilities, major oil and natural gas companies or affiliates of such companies, electricity generating companies, energy marketing and trading companies, and financial institutions.

The Great Britain utilities consist of Northern Powergrid (Northeast) Limited ("Northern Powergrid (Northeast)") and Northern Powergrid (Yorkshire) plc ("Northern Powergrid (Yorkshire)"), which own a substantial electricity distribution network that delivers electricity to end-users in northeast England in an area covering approximately 10,000 square miles. The distribution companies primarily charge supply companies regulated tariffs for the use of electrical infrastructure.

MidAmerican Renewables is based in Iowa and owns interests in independent power projects that are in service or under construction in California, Illinois, Arizona, the Philippines, Texas, New York and Hawaii. These independent power projects, consisting of solar, natural gas, wind, geothermal and hydroelectric generating facilities, produce energy that is sold principally under long-term power purchase agreements.

Regulatory Matters

PacifiCorp, MEC and the Nevada Utilities are subject to comprehensive regulation by various federal, state and local agencies. The Federal Energy Regulatory Commission ("FERC") is an independent agency with broad authority to implement provisions of the Federal Power Act, the Natural Gas Act ("NGA"), the Energy Policy Act of 2005 and other federal statutes. The FERC regulates rates for wholesale sales of electricity; transmission of electricity, including pricing and regional planning for the expansion of transmission systems, electric system reliability; utility holding companies; accounting and records retention; securities issuances; construction and operation of hydroelectric facilities; and other matters. The FERC also has the enforcement authority to assess civil penalties of up to $1 million per day per violation of rules, regulations and orders issued under the Federal Power Act. MEC is also subject to regulation by the Nuclear Regulatory Commission pursuant to the Atomic Energy Act of 1954, as amended, with respect to its ownership of the Quad Cities Nuclear Station.

Except in Oregon, Washington, Nevada and Illinois, where certain customers have the right to choose alternative electricity service suppliers, MidAmerican's utilities have an exclusive right to serve retail customers within their service territories and, in turn, have an obligation to provide service to those customers. Historically, state regulatory commissions have established retail electric and natural gas rates on a cost-of-service basis, which are designed to allow a utility an opportunity to recover what each state regulatory commission deems to be the utility's reasonable costs of providing services, including a fair opportunity to earn a reasonable return on its investments based on its cost of debt and equity. The retail electric rates of PacifiCorp, MEC and the Nevada Utilities are generally based on the cost of providing traditional bundled services, including generation, transmission and distribution services.

The natural gas pipelines are subject to regulation by various federal, state and local agencies. The natural gas pipeline and storage operations of Northern Natural and Kern River are regulated by the FERC pursuant to the NGA and the Natural Gas Policy Act of 1978. Under this authority, the FERC regulates, among other items, (a) rates, charges, terms and conditions of service and (b) the construction and operation of interstate pipelines, storage and related facilities, including the extension, expansion or abandonment of such facilities. Interstate natural gas pipeline companies are also subject to regulations administrated by the Office of Pipeline Safety within the Pipeline and Hazardous Materials Safety Administration, an agency within the DOT. Federal pipeline safety regulations are issued pursuant to the Natural Gas Pipeline Safety Act of 1968, as amended, which establishes safety requirements in the design, construction, operation and maintenance of interstate natural gas pipeline facilities.

Northern Powergrid (Northeast) and Northern Powergrid (Yorkshire) each charge fees for the use of their distribution systems that are controlled by a formula prescribed by the British electricity regulatory body, the Gas and Electricity Markets Authority. The current five-year price control period is scheduled to end March 31, 2015.

Environmental Matters

MidAmerican and its energy businesses are subject to federal, state, local and foreign laws and regulations regarding air and water quality, renewable portfolio standards, emissions performance standards, climate change, coal combustion byproduct disposal, hazardous and solid waste disposal, protected species and other environmental matters that have the potential to impact

MidAmerican's current and future operations. In addition to imposing continuing compliance obligations, these laws and regulations, such as the Federal Clean Air Act, provide regulators with the authority to levy substantial penalties for noncompliance including fines, injunctive relief and other sanctions.

The Federal Clean Air Act, as well as state laws and regulations impacting air emissions, provides a framework for protecting and improving the nation's air quality and controlling sources of air emissions. These laws and regulations continue to be promulgated and implemented and will impact the operation of MidAmerican's generating facilities and require them to reduce emissions at those facilities to comply with the requirements.

Renewable portfolio standards have been established by certain state governments and generally require electricity providers to obtain a minimum percentage of their power from renewable energy resources by a certain date. Utah, Oregon, Washington, California, Iowa and Nevada have adopted renewable portfolio standards. In addition, the potential adoption of state or federal clean energy standards, which include low-carbon, non-carbon and renewable electricity generating resources, may also impact electricity generators and natural gas providers.

Comprehensive climate change legislation has not been adopted by Congress; however, regulation of greenhouse gas emissions under various provisions of the Federal Clean Air Act has continued since the Environmental Protection Agency's December 2009 findings that greenhouse gas emissions threaten public health and welfare. Since that determination, significant sources of greenhouse gas emissions have been required to report their greenhouse gas emissions and to undergo a best available control technology determination in conjunction with permitting greenhouse gas emissions. As part of President Obama's Climate Action Plan issued in June 2013, the Environmental Protection Agency was required to re-propose by September 2013 greenhouse gas new source performance standards that had originally been proposed in 2012 for new fossil-fueled power plants. The re-proposed standards for new sources were released in September 2013 and generally propose a standard of 1,000 pounds of carbon dioxide per megawatt hour for natural gas-fueled combustion turbines and 1,100 pounds of carbon dioxide per megawatt hour for coal-fueled units. In addition, the Climate Action Plan required the Environmental Protection Agency to issue proposed standards or guidelines to address greenhouse gas emissions from existing fossil-fueled electric generating units by June 2014, to finalize those standards or guidelines by June 2015, and to require states to submit implementation plans by June 2016.

While the debate continues at the federal and international level over the direction of climate change policy, several states have continued to implement state-specific laws or regional initiatives to report or mitigate greenhouse gas emissions. In addition, governmental, nongovernmental and environmental organizations have become more active in pursuing climate change related litigation under existing laws.

The impact of future federal, regional, state and international accords, legislation, regulation or judicial proceedings related to climate change cannot be quantified in any meaningful range at this time. New requirements limiting greenhouse gas emissions could have a material adverse impact on MidAmerican.

MidAmerican continues to take actions to mitigate greenhouse gas emissions. For example, as of December 31, 2013, MidAmerican owned 4,747 megawatts of wind-powered generating capacity in operation and under construction, which when completed is estimated to cost approximately $9 billion, and owned 1,271 megawatts of solar generating capacity in operation and under construction, which when completed is estimated to cost approximately $6 billion.

Non-Energy Businesses

MidAmerican also owns HomeServices of America, Inc. ("HomeServices"), the second largest full-service residential real estate brokerage firm in the United States. In addition to providing traditional residential real estate brokerage services, HomeServices offers other integrated real estate services, including mortgage originations and mortgage banking primarily through joint ventures and subsidiaries, title and closing services, property and casualty insurance, home warranties, relocation services and other home-related services. It operates under 30 residential real estate brand names with over 22,000 sales agents and in over 450 brokerage offices in 25 states.

HomeServices' principal sources of revenue are dependent on residential real estate sales, which are generally higher in the second and third quarters of each year. This business is highly competitive and subject to the general real estate market conditions.

In October 2012, HomeServices acquired a 66.7% interest in the second largest residential real estate brokerage franchise network in the United States, which offers and sells independently owned and operated residential real estate brokerage franchises. HomeServices' franchise network currently includes over 500 franchisees in over 1,600 brokerage offices in 49 states with over 44,000 sales associates under three brand names. In exchange for certain fees, HomeServices provides the right to use the Berkshire Hathaway HomeServices, Prudential and Real Living brand names and other related service marks. In 2013, HomeServices began rebranding certain of its Prudential franchisees as Berkshire Hathaway HomeServices. As of December 31, 2013, 60 franchisees were rebranded. This activity will continue in 2014 with plans to rebrand the majority of the remaining franchisees. HomeServices also provides orientation programs, training and consultation services, advertising programs, and other services.

Manufacturing, Service and Retailing Businesses

Berkshire's numerous and diverse manufacturing, service and retailing businesses are described below.

Marmon—In 2008, Berkshire acquired approximately 64% of the outstanding common stock of Marmon Holdings, Inc. ("Marmon"), a private company then owned by trusts for the benefit of members of the Pritzker Family of Chicago. On various dates in 2010, 2012 and 2013, Berkshire acquired additional shares of outstanding stock held by noncontrolling shareholders and as of December 31, 2013 owned substantially all of Marmon. Marmon is currently comprised of three autonomous companies consisting of eleven diverse business sectors and approximately 160 independent manufacturing and service businesses.

Marmon's three companies and their respective sectors are as follows:

Marmon Engineered Industrial & Metal Components, Inc. ("Engineered Components")

Distribution Services, supplying specialty metal pipe and tubing, bar and sheet products to markets including construction, industrial, aerospace and many others;

Electrical & Plumbing Products Distribution, supplying electrical building wire primarily for residential and commercial construction, and copper tube for the plumbing, HVAC, refrigeration and industrial markets, through the wholesale channel; and

Industrial Products, consisting of metal fasteners and fastener coatings for the construction, industrial and other markets, gloves for industrial markets, portable lighting equipment for mining and safety markets, overhead electrification equipment for mass transit systems, custom-machined aluminum and brass forgings for the construction, energy, recreation and other industries, brass fittings and valves for commercial and industrial applications, and drawn aluminum tubing and extruded aluminum shapes for the construction, automotive, appliance, medical and other markets.

Marmon Natural Resource & Transportation Services, Inc. ("Natural Resources")

Crane Services, providing the leasing and operation of mobile cranes primarily to the energy, mining and petrochemical markets;

Engineered Wire & Cable, supplying electrical and electronic wire and cable for energy related markets and other industries; and

Transportation Services & Engineered Products, including manufacturing, leasing and maintenance of railroad tank cars, leasing of intermodal tank containers, in-plant rail services, manufacturing of bi-modal railcar movers, wheel, axle and gear sets for light rail transit and gear products for locomotives, manufacturing of steel tank heads, and services, equipment and technology for processing and distributing sulfur.

Marmon Retail & End User Technologies, Inc. ("Retail Technologies")

Food Service Equipment, supplying commercial food preparation equipment for restaurants and shopping carts for retail stores;

Highway Technologies, primarily serving the heavy-duty highway transportation industry with trailers, fifth wheel coupling devices and undercarriage products such as brake parts and suspension systems, and also serving the light vehicle aftermarket with clutches and related products;

Retail Home Improvement Products, supplying electrical and plumbing products through the home center channel;

Retail Store Fixtures, providing shelving systems, other merchandising displays and related services for retail stores, as well as work and garden gloves sold at retail; and

Water Treatment, including residential water softening, purification and refrigeration filtration systems, treatment systems for industrial markets including power generation, oil and gas, chemical, and pulp and paper, gear drives for irrigation systems and cooling towers, and air-cooled heat exchangers.

Marmon businesses operate approximately 300 manufacturing, distribution and service facilities, and employ approximately 17,000 people worldwide.

McLane Company— McLane Company, Inc. ("McLane") provides wholesale distribution services in all 50 states to customers that include convenience stores, discount retailers, wholesale clubs, drug stores, military bases, quick service restaurants and casual dining restaurants. McLane provides wholesale distribution services to Wal-Mart Stores, Inc. ("Wal-Mart"), which accounts for approximately 25% of McLane's revenues. A curtailment of purchasing by Wal-Mart could have a material adverse impact on McLane's periodic revenues and earnings. McLane's business model is based on a high volume of sales, rapid inventory turnover and tight expense control. Operations are currently divided into four business units: grocery distribution, foodservice distribution, beverage distribution, and software development. In 2013, the grocery and foodservice units comprised approximately 98.5% of the total revenues of the company. McLane and its subsidiaries employ approximately 21,000 employees.

McLane's grocery distribution unit, based in Temple, Texas, maintains a dominant market share within the convenience store industry and serves most of the national convenience store chains and major oil company retail outlets. Grocery operations provide products to more than 50,000 retail locations nationwide, including Wal-Mart. McLane's grocery distribution unit operates 23 facilities in 19 states.

McLane's foodservice distribution unit, based in Carrollton, Texas, focuses on serving the quick service restaurant industry with high quality, timely-delivered products Operations are conducted through 18 facilities in 16 states. The foodservice distribution unit services more than 20,000 chain restaurants nationwide. On August 24, 2012, McLane acquired Meadowbrook Meat Company (MBM). MBM, based in Rocky Mount, North Carolina is a large customized foodservice distributor for national restaurant chains. MBM operates from 37 distribution facilities in 16 states. MBM services approximately 15,000 chain restaurants nationwide.

On April 23, 2010, McLane acquired Kahn Ventures, parent company of Empire Distributors and Empire Distributors of North Carolina. Kahn Ventures and its subsidiaries are wholesale distributors of distilled spirits, wine and beer. Operations are conducted through nine distribution centers in two states. On December 31, 2010, Kahn Ventures acquired Horizon Wine and Spirits, Inc. and on April 30, 2012 acquired Delta Wholesale Liquors. Operations of Horizon and Delta are conducted through three distribution centers located in Tennessee. The beverage unit services more than 19,000 retail locations in the Southeastern United States.

Other Manufacturing, Service and Retailing Businesses

Apparel Manufacturing—Berkshire's apparel manufacturing businesses include manufacturers of a variety of clothing and footwear. Businesses engaged in the manufacture and distribution of clothing products include Fruit of the Loom, Inc. ("Fruit"), Russell Brands, LLC ("Russell"), Vanity Fair Brands, LP ("VFB"), Garan and Fechheimer Brothers Berkshire's footwear businesses include H.H. Brown Shoe Group, Justin Brands and Brooks Sports. These businesses employ approximately 39,000 persons in the aggregate.

Fruit, Russell and VFB (together "FOL") are headquartered in Bowling Green, Kentucky. FOL is primarily a vertically integrated manufacturer and distributor of basic apparel, underwear, casualwear and athletic apparel and hardgoods. Products, under the *Fruit of the Loom*® and *JERZEES*® labels are primarily sold in the mass merchandise and wholesale markets. In the VFB product line, *Vassarette*®, *Bestform*® and *Curvation*® are sold in the mass merchandise market, while *Vanity Fair*® *and Lily of France*® products are sold in the mid-tier chains and department stores. FOL also markets and sells athletic uniforms, apparel, sports equipment and balls to team dealers; collegiate licensed tee shirts and fleecewear to college bookstores and mid-tier merchants; and athletic apparel, sports equipment and balls to sporting goods retailers under the *Russell Athletic*® and *Spalding*® brands. Additionally, *Spalding*® markets and sells balls in the mass merchandise market and dollar store channels. In 2013, approximately 33% of FOL's sales were to Wal-Mart.

FOL generally performs its own spinning, knitting, cloth finishing, cutting, sewing and packaging for apparel. For the North American market which comprised about 82% of FOL's net sales in 2013, the majority of its capital-intensive spinning operations are located in highly automated facilities in the United States with cloth manufacturing performed both in the U.S. and Honduras. Labor-intensive cutting, sewing and packaging operations are located in lower labor cost facilities in Central

America and the Caribbean. For the European market, products are either sourced from third-party contractors in Europe or Asia or sewn in Morocco from textiles internally produced in Morocco. FOL's bras, athletic equipment, sporting goods and other athletic apparel lines are generally sourced from third-party contractors located primarily in Asia.

U.S grown cotton and polyester fibers are the main raw materials used in the manufacturing of FOL's apparel products and are purchased from a limited number of third-party suppliers. Management currently believes there are readily available alternative sources of raw materials. However, if relationships with suppliers cannot be maintained or delays occur in obtaining alternative sources of supply, production could be adversely affected, which could have a corresponding adverse effect on results of operations. Additionally, raw materials are subject to price volatility caused by weather, supply conditions, government regulations, economic climate and other unpredictable factors. FOL has secured contracts to purchase cotton to meet the majority of its production plans for 2014. In 2012 and 2013, cotton market prices were in the range of $0.70 to $0.90 per pound which approximates the ten year average price. FOL's markets are highly competitive, consisting of many domestic and foreign manufacturers and distributors. Competition is generally based upon price, product style and quality and customer service.

Garan designs, manufactures, imports and sells apparel primarily for children, including boys, girls, toddlers and infants. Products are sold under its own trademark *Garanimals®* and customer private label brands. Garan also licenses its registered trademark *Garanimals®* to third parties for apparel and non-apparel products. Garan conducts its business through operating subsidiaries located in the United States, Central America and Asia. Substantially all of Garan's products are sold through its distribution centers in the United States. Wal-Mart accounted for over 90% of Garan's sales in 2013. Fechheimer Brothers manufactures, distributes and sells uniforms, principally for the public service and safety markets, including police, fire, postal and military markets. Fechheimer Brothers is based in Cincinnati, Ohio.

Justin Brands and H.H. Brown Shoe Group manufacture and distribute work, rugged outdoor and casual shoes and western-style footwear under a number of brand names, including *Justin, Tony Lama®, Nocona®, Chippewa®, BØRN®, B•Ø•C®, Carolina®, Söfft, Double-H Boots®, Eïrosoft®, and Softspots®*. Brooks Sports markets and sells performance running footwear and apparel to specialty and national retailers under *Brooks®* and *Moving Comfort®* brands. In 2013 and 2012, *Brooks®* achieved a #1 market share position in performance running footwear with specialty retailers. A significant volume of the shoes sold by Berkshire's shoe businesses are manufactured or purchased from sources outside the United States. Products are sold worldwide through a variety of channels including department stores, footwear chains, specialty stores, catalogs and the Internet, as well as through company-owned retail stores.

Building Products Manufacturing—Acme Brick Company ("Acme") headquartered in Fort Worth, Texas, manufactures and distributes clay bricks (*Acme Brick®* and *Jenkins Brick*), concrete block (*Featherlite*) and cut limestone *(Texas Quarries)*. In addition, Acme and its subsidiaries distribute a number of other building products of other manufacturers, including floor and wall tile, wood flooring and other masonry products. Products are sold primarily in the South Central and South Eastern United States through company-operated sales offices. Acme distributes products primarily to homebuilders and masonry and general contractors.

Acme and its affiliates operate 26 clay brick manufacturing facilities located in eight states, six concrete block facilities in Texas and two stone fabrication facilities located in Texas and Alabama. In addition, Acme and its subsidiaries operate a glass block fabrication facility, a concrete bagging facility and a stone burnishing facility all located in Texas. The demand for Acme's products is seasonal, with higher sales in the warmer weather months and is subject to the level of construction activity which is cyclical. Acme also owns and leases properties and mineral rights that supply raw materials used in many of its manufactured products. Acme's raw materials supply is believed to be adequate into the foreseeable future.

Benjamin Moore & Co. ("Benjamin Moore"), headquartered in Montvale, New Jersey, is a leading formulator, manufacturer and retailer of a broad range of architectural coatings, available principally in the United States and Canada. Products include water-based and solvent-based general purpose coatings (paints, stains and clear finishes) for use by the general public, contractors and industrial and commercial users. Products are marketed under various registered brand names, including, but not limited to, *Aura®, Nattura®, Regal®, Super Spec®, MoorGard®, ben®, Coronado®, Insl-x® and Lenmar®*.

Benjamin Moore and its manufacturing subsidiaries rely primarily on an independent dealer network for distribution of its products. Benjamin Moore's distribution network includes approximately 72 company-owned stores as well as over 4,200 third party retailers currently representing over 6,300 storefronts in the United States and Canada. Benjamin Moore's company-owned stores represent several multiple-outlet chains in various parts of the United States and Canada serving primarily contractors and general consumers. The independent dealer channel offers a broad array of products including *Benjamin Moore®, Coronado®* and *Insl-x®* brands and other competitor coatings, wall coverings, window treatments and sundries. In

addition, Benjamin Moore operates an on-line "pick up in store" program, which allows consumers to place orders via an e-commerce site or for national accounts and government agencies via its customer information center. These orders may be picked up at the customer's nearest dealer.

Johns Manville ("JM") is a leading manufacturer and marketer of premium-quality products for building insulation, mechanical insulation, commercial roofing and roof insulation, as well as fibers and nonwovens for commercial, industrial and residential applications. JM serves markets that include aerospace, automotive and transportation, air handling, appliance, HVAC, pipe insulation, filtration, waterproofing, building, flooring, interiors and wind energy. Fiber glass is the basic material in a majority of JM's products, although JM also manufactures a significant portion of its products with other materials to satisfy the broader needs of its customers. Raw materials are readily available in sufficient quantities from various sources for JM to maintain and expand its current production levels. JM regards its patents and licenses as valuable, however it does not consider any of its businesses to be materially dependent on any single patent or license. JM is headquartered in Denver, Colorado, and operates 45 manufacturing facilities in North America, Europe and China and conducts research and development at its technical center in Littleton, Colorado and at other facilities in the U.S. and Europe.

JM sells its products through a wide variety of channels including contractors, distributors, retailers, manufacturers and fabricators. JM holds leadership positions in all of the key markets that it serves and typically competes with a few large global and national competitors and several smaller regional competitors. JM's products compete primarily on the basis of value, product differentiation and customization and breadth of product line. Sales of JM's products are moderately seasonal due to increases in construction activity that typically occur in the second and third quarters of the calendar year. JM is seeing a trend in customer purchasing decisions being determined based on the sustainable and energy efficient attributes of its products, services and operations.

MiTek is headquartered in Chesterfield, Missouri and is a leading provider of engineered connector products, engineering software and services and computer-driven manufacturing machinery to the truss fabrication segment of the building components industry. Primary customers are truss fabricators who manufacture pre-fabricated roof and floor trusses and wall panels for the residential building market as well as the light commercial and institutional construction industry. MiTek also participates in the light gauge steel framing market under the *Ultra-Span*® name, manufactures and markets assembly line machinery used by the lead acid battery industry, manufactures and markets a line of masonry connector products and manufactures and markets air handling systems used in commercial building. In 2013, MiTek acquired Benson Industries, Inc., a market leading company providing design, engineering, supply and installations of quality curtainwall and external cladding worldwide and acquired Cubic Designs, Inc., a premier provider of pre-engineered, prefabricated mezzanine systems and related structures. MiTek operates on six continents with sales into approximately 100 countries. MiTek has 43 manufacturing facilities located in 13 countries and 52 sales/engineering offices located in 20 countries.

The Shaw Industries Group, Inc. ("Shaw"), headquartered in Dalton, Georgia, is the world's largest carpet manufacturer based on both revenue and volume of production. Shaw designs and manufactures over 3,000 styles of tufted carpet, tufted and woven rugs, laminate and wood flooring for residential and commercial use under about 30 brand and trade names and under certain private labels. Shaw also provides installation services and sells ceramic and vinyl tile along with sheet vinyl. Shaw's manufacturing operations are fully integrated from the processing of raw materials used to make fiber through the finishing of carpet. Shaw's carpet, rugs and hard surface products are sold in a broad range of prices, patterns, colors and textures. Shaw acquired Sportexe (now Shaw Sports Turf) in 2009 and Southwest Greens International, LLC in 2011 which provides an entry into the synthetic sports turf, golf greens and landscape turf markets.

Shaw products are sold wholesale to over 32,000 retailers, distributors and commercial users throughout the United States, Canada and Mexico and are also exported to various overseas markets. Shaw's wholesale products are marketed domestically by over 2,000 salaried and commissioned sales personnel directly to retailers and distributors and to large national accounts. Shaw's nine carpet, three hard surface, one rug and one sample full-service distribution facilities and 23 redistribution centers, along with centralized management information systems, enable it to provide prompt efficient delivery of its products to both its retail customers and wholesale distributors.

Substantially all carpet manufactured by Shaw is tufted carpet made from nylon, polypropylene and polyester. In the tufting process, yarn is inserted by multiple needles into a synthetic backing, forming loops which may be cut or left uncut, depending on the desired texture or construction. During 2013, Shaw processed approximately 98% of its requirements for carpet yarn in its own yarn processing facilities. The availability of raw materials continues to be good but margins are impacted by petro-chemical and natural gas price changes. Raw material cost changes are periodically factored into selling prices to customers.

The floor covering industry is highly competitive with more than 100 companies engaged in the manufacture and sale of carpet in the United States and numerous manufacturers engaged in hard surface floor covering production and sales. According to industry estimates, carpet accounts for approximately 55% of the total United States consumption of all flooring types. The principal competitive measures within the floor covering industry are quality, style, price and service.

Demand for products of Berkshire's building products businesses is affected to varying degrees by commercial construction and industrial activity in the U.S. and Europe and the level of U.S. housing construction. The building products businesses are subject to a variety of federal, state and local environmental laws and regulations. These laws and regulations regulate the discharge of materials into the air, land and water and govern the use and disposal of hazardous substances. The building products manufacturers employ approximately 36,000 persons in the aggregate.

Other Manufacturing

In September 2011, Berkshire acquired The Lubrizol Corporation ("Lubrizol"). Lubrizol is a specialty chemical company that produces and supplies technologies for the global transportation, industrial and consumer markets. Lubrizol operates two business sectors: (1) Lubrizol Additives, which includes engine additives, driveline additives and industrial specialties products; and (2) Lubrizol Advanced Materials, which includes personal and home care, engineered polymers, performance coatings, and life science polymers products. Lubrizol's products are used in a broad range of applications including engine oils, transmission fluids, gear oils, specialty driveline lubricants, fuel additives, refineries and oilfields, metalworking fluids, compressor lubricants, greases for transportation and industrial applications, over-the-counter pharmaceutical products, performance coatings, personal care products, sporting goods and plumbing and fire sprinkler systems. Lubrizol is an industry leader in many of the markets in which it competes. Its principal lubricant additives competitors are Infineum International Ltd., Chevron Oronite Company and Afton Chemical Corporation. The advanced materials industry is highly fragmented with a variety of competitors in each product line.

From a base of approximately 2,075 patents, Lubrizol uses its technological leadership position in product development and formulation expertise to improve the quality, value and performance of its products, as well as to help minimize the environmental impact of those products. Lubrizol uses many specialty and commodity chemical raw materials in its manufacturing processes and uses base oil in processing and blending additives. Raw materials are primarily feedstocks derived from petroleum and petrochemicals and, generally, are obtainable from several sources. The materials that Lubrizol chooses to purchase from a single source typically are subject to long-term supply contracts to ensure supply reliability. Lubrizol markets its products worldwide through a direct sales organization and sales agents and distributors where necessary. Lubrizol's customers principally consist of major global and regional oil companies and industrial and consumer products companies that are located in more than 110 countries. Some of its largest customers also may be suppliers. In 2013, no single customer accounted for more than 10% of Lubrizol's consolidated revenues.

Lubrizol continues to implement a multi-year phased investment plan to increase global manufacturing capacity, upgrade operations and ensure compliance with health, safety and environmental requirements. As part of the investment plan, in August 2013, Lubrizol completed construction of its $310 million additives manufacturing facility and research laboratory in Zhuhai, China, and Lubrizol is implementing plans to invest approximately $150 million to increase chlorinated polyvinyl chloride resin and compounding capacity by the end of 2014 to meet global customer demand. Capital spending in 2013 was approximately $350 million. Capital expenditures over the next three years are expected to approximate $1.5 billion.

Lubrizol is subject to foreign, federal, state and local laws to protect the environment and limit manufacturing waste and emissions. The company believes that its policies, practices and procedures are designed to limit the risk of environmental damage and consequent financial liability. Nevertheless, the operation of manufacturing plants entails ongoing environmental risks, and significant costs or liabilities could be incurred in the future.

Lubrizol operates facilities in 27 countries (including production facilities in 16 countries and laboratories in 14 countries). On August 30, 2013, Lubrizol completed the acquisition of Chemtool, Inc., a leading global supplier of custom formulated greases and lubricants.

Berkshire acquired an 80% interest in IMC International Metalworking Companies B.V. ("IMC B.V.") in 2006. On April 29, 2013, Berkshire acquired the remaining 20% noncontrolling interests of IMC B.V. Through its subsidiaries, IMC B.V. is one of the world's three largest multinational manufacturers of consumable precision carbide metal cutting tools for applications in a broad range of industrial end markets. IMC B.V.'s principal brand names include *ISCAR®*, *TaeguTec®*, *Ingersoll®*, *Tungaloy®*, *Unitac®*, *UOP It.te.di®* and *Outiltec®*. IMC B.V.'s manufacturing facilities are located mainly in Israel, United States, Germany, Italy, France, Switzerland, South Korea, China, India, Japan and Brazil.

IMC B V. has five primary product lines: milling tools, gripping tools, turning/thread tools, drilling tools and tooling. The main products are split within each product line between consumable cemented tungsten carbide inserts and steel tool holders. Inserts comprise the vast majority of sales and earnings. Metal cutting inserts are used by industrial manufactures to cut metals and are consumed during their use in cutting applications. IMC B.V. manufactures hundreds of types of highly engineered inserts within each product line that are tailored to maximize productivity and meet the technical requirements of customers.

IMC B.V.'s global sales and marketing network has representatives in virtually every major manufacturing center around the world staffed with highly skilled engineers and technical personnel. IMC B.V.'s customer base is very diverse, with its primary customers being large, multinational businesses in the automotive, aerospace, engineering and machinery industries. IMC B V. operates a regional central warehouse system with locations in Israel, United States, Belgium, Korea and Brazil. Additional small quantities of products are maintained at local IMC B.V. offices in order to provide on-time customer support and inventory management

IMC B.V. competes in the metal cutting tools segment of the global metalworking tools market. The segment includes hundreds of participants who range from small, private manufacturers of specialized products for niche applications and markets to larger, global multinationals with a wide assortment of products and extensive distribution networks.

Forest River, Inc. ("Forest River") is a manufacturer of recreational vehicles, utility, cargo and office trailers, buses and pontoon boats, headquartered in Elkhart, Indiana. Its products are sold in the United States and Canada through an independent dealer network. Forest River has manufacturing facilities in six states.

CTB International Corp. ("CTB"), headquartered in Milford, Indiana, is a leading global designer, manufacturer and marketer of agricultural systems and solutions for preserving grain, producing poultry, pigs and eggs, and for processing poultry. CTB operates from facilities located around the globe and supports customers in more than 100 countries primarily through a worldwide network of independent distributors and dealers.

The Scott Fetzer companies are a diversified group of 20 businesses that manufacture, distribute, service and finance a wide variety of products for residential, industrial and institutional use. The two most significant of these businesses are Kirby home cleaning systems and Campbell Hausfeld. Albecca Inc. ("Albecca"), headquartered in Norcross, Georgia, does business primarily under the *Larson-Juhl*® name. Albecca designs, manufactures and distributes a complete line of high quality, branded custom framing products, including wood and metal moulding, matboard, foamboard, glass, equipment and other framing supplies in the U.S., Canada and 15 countries outside of North America. Richline Group, Inc. is the business platform providing financial, operations and marketing support to its four independent strategic business units: Richline Brands, LeachGarner, Rio Grande and Inverness. Each business unit is uniquely a manufacturer and marketer of precious metal products to specific target markets including large jewelry chains, department stores, shopping networks, mass merchandisers, e-commerce retailers and artisans plus worldwide manufacturers and wholesalers.

Berkshire's other manufacturers employ approximately 38,000 persons in the aggregate.

Other Service Businesses

FlightSafety International Inc. ("FlightSafety"), headquartered at New York's LaGuardia Airport, is an industry leader in professional aviation training services to individuals, businesses (including certain commercial aviation companies) and U.S. and foreign governments. FlightSafety primarily provides high technology training to pilots, aircraft maintenance technicians, flight attendants and dispatchers who operate and support a wide variety of business, commercial and military aircraft. FlightSafety operates a large fleet of advanced full flight simulators at its learning centers and training locations in the United States, Brazil, Canada, China, France, Japan, Norway, South Africa, the Netherlands, and the United Kingdom. The vast majority of FlightSafety's instructors, training programs and flight simulators are qualified by the United States Aviation Administration and other aviation regulatory agencies around the world.

FlightSafety is also a leader in the design and manufacture of full flight simulators, visual systems, displays, and other advanced technology training devices. This equipment is used to support FlightSafety training programs and is offered for sale to airlines and government and military organizations around the world Manufacturing facilities are located in Oklahoma, Missouri and Texas. FlightSafety strives to maintain and manufacture simulators and develop courseware using state of the art technology and invests in research and development as it builds new equipment and training programs.

NetJets Inc. ("NetJets") is the world's leading provider of fractional ownership programs for general aviation aircraft. NetJets' executive offices and U.S. operations are located in Columbus, Ohio, with most of its logistical and flight operations based at Port Columbus International Airport. NetJets' European operations are based in Lisbon, Portugal. The fractional

ownership concept is designed to meet the needs of customers who cannot justify the purchase of an entire aircraft based upon expected usage. In addition, fractional ownership programs are available for corporate flight departments seeking to outsource their general aviation needs or looking for additional capacity for peak periods and for others that previously chartered aircraft.

NetJets' fractional aircraft ownership programs permit customers to acquire a specific percentage of a certain aircraft type and allow customers to utilize the aircraft for a specified number of flight hours per annum. In addition, NetJets offers prepaid flight cards and aviation solutions that provide aircraft management, ground support and flight operation services under a number of programs including NetJets Shares™, NetJets Leases™ and the Marquis Jet Card℠. In 2010, NetJets introduced the NetJets Signature Series™ of aircraft, which have been customized from design through production based on feedback from owners.

NetJets is subject to the rules and regulations of the Federal Aviation Administration, the National Institute of Civil Aviation of Portugal, and the European Aviation Safety Agency. Regulations address aircraft registration, maintenance requirements, pilot qualifications and airport operations, including flight planning and scheduling as well as security issues and other matters. NetJets places great emphasis on safety and customer service. Its programs are designed to offer customers guaranteed availability of aircraft, low and predictable operating costs and increased liquidity.

TTI, Inc. ("TTI"), headquartered in Fort Worth, Texas, is a global specialty distributor of passive, interconnect, electromechanical and discrete components used by customers in the manufacturing and assembling of electronic products. TTI's customer base includes original equipment manufacturers, electronic manufacturing services, original design manufacturers, military and commercial customers, as well as design and system engineers. TTI services a variety of industries including telecommunications, medical devices, computers and office equipment, aerospace, automotive and consumer electronics. TTI's business model covers design through production in the electronic component supply chain and consists of its core business, which supports high volume production business and its catalog division, which supports a broader base of customers with lower volume purchases.

TTI's franchise distribution agreements with the industry's leading suppliers allow it to uniquely leverage its product cost and to expand its business by providing new lines and products to its customers. TTI operates sales offices and distribution centers from more than 100 locations throughout North America, Europe, Asia and Israel. In April 2012, TTI acquired Sager Electrical Supply Company, Inc. ("Sager"), a leading distributor of electronic components headquartered in Middleborough, Massachusetts. Sager's business model and focus on electromechanical products allows TTI to further provide customers and suppliers a unique combination of operational excellence and innovative business solutions and to expand its customer base.

Business Wire provides electronic dissemination of full-text news releases to the media, online services and databases and the global investment community in 150 countries and in 45 languages. Roughly 90% of the company's revenue comes from its core business of news distribution. The Buffalo News and BH Media Group, Inc. ("BHMG") are publishers of 31 daily and 41 weekly newspapers in upstate New York, New Jersey, Nebraska, Iowa, Oklahoma, Texas, Virginia, Tennessee, North Carolina, South Carolina, Alabama and Florida In 2013, BHMG acquired four daily newspapers in Oklahoma, Virginia, North Carolina and New Jersey. The newspapers operate in small to mid-sized markets with strong local community connections. International Dairy Queen services a worldwide system of over 6,300 stores operating under the names *Dairy Queen®*, *Orange Julius®* and *Karmelkorn®* that offer various dairy desserts, beverages, prepared foods, blended fruit drinks, popcorn and other snack foods. Precision Steel and its affiliates operate steel service centers in the Chicago and Charlotte metropolitan areas. The service centers buy stainless steel, low carbon sheet and strip steel, coated metals, spring steel, and other metals, cut these metals to order, and sell them to customers involved in a wide variety of industries.

Berkshire's service businesses employ approximately 21,000 persons in the aggregate.

Retailing Businesses—Berkshire's retailing businesses principally consist of several independently managed home furnishings and jewelry operations. These retailers employ approximately 15,000 persons. Information regarding each of these operations follows.

The home furnishings businesses are the Nebraska Furniture Mart ("NFM"), R.C. Willey Home Furnishings ("R.C. Willey"), Star Furniture Company ("Star") and Jordan's Furniture, Inc. ("Jordan's"). NFM, R.C. Willey, Star and Jordan's each offer a wide selection of furniture, bedding and accessories. In addition, NFM and R.C. Willey sell a full line of major household appliances, electronics, computers and other home furnishings. NFM, R.C. Willey, Star and Jordan's also offer customer financing to complement their retail operations. An important feature of each of these businesses is their ability to control costs and to produce high business volume by offering significant value to their customers.

NFM operates its business from two very large retail complexes with almost one million square feet of retail space and sizable warehouse and administrative facilities in Omaha, Nebraska and Kansas City, Kansas. NFM is the largest furniture retailer in each of its markets. NFM also owns Homemakers Furniture located in Des Moines, Iowa, which has approximately 215,000 square feet of retail space. In late 2011, NFM announced that it plans to build a new retail store, warehouse and administrative facility in a suburb of Dallas, Texas. The store is expected to include approximately 1.8 million square feet of retail and warehouse space and anchor a multi-use retail and entertainment development site. The completion of the new facilities is scheduled for 2015.

R.C. Willey, based in Salt Lake City, Utah, is the dominant home furnishings retailer in the Intermountain West region of the United States. R.C. Willey operates 11 retail stores, two retail clearance facilities and three distribution centers. These facilities include approximately 1.7 million square feet of retail space with eight stores located in Utah, one store in Idaho, three stores in Nevada and one store in California. Star's retail facilities include about 700,000 square feet of retail space in 11 locations in Texas with eight in Houston. Star maintains a dominant position in each of its markets. Jordan's operates a furniture retail business from five locations with approximately 625,000 square feet of retail space in Massachusetts, New Hampshire and Rhode Island supported by an 800,000 square foot distribution center in Taunton, Massachusetts. Jordan's is the largest furniture retailer, as measured by sales, in the Massachusetts and New Hampshire areas. Jordan's is well known in its markets for its unique store arrangements and advertising campaigns.

Borsheim Jewelry Company, Inc. ("Borsheims") operates from two locations in Nebraska, a 62,000 square foot flagship store in Omaha and a 5,500 square foot outlet store in Gretna. Borsheims is a high volume retailer of fine jewelry, watches, crystal, china, stemware, flatware, gifts and collectibles. Helzberg's Diamond Shops, Inc. ("Helzberg") is based in North Kansas City, Missouri, and operates a chain of 234 retail jewelry stores in 37 states, which includes approximately 500,000 square feet of retail space. Helzberg's stores are located in malls, lifestyle centers, power strip centers and outlet malls, and all stores operate under the name *Helzberg Diamonds*® or *Helzberg Diamonds Outlet*®. The Ben Bridge Corporation ("Ben Bridge Jeweler"), based in Seattle, Washington, operates a chain of 80 upscale retail jewelry stores located in 11 states that are primarily in the Western United States and Canada. Fifteen of its retail locations are concept stores that sell only PANDORA jewelry. Principal products include finished jewelry and timepieces. Ben Bridge Jeweler stores are located primarily in major shopping malls. Berkshire's retail jewelry operations are subject to seasonality with approximately 36% of annual revenues earned in the fourth quarter.

Also included in Berkshire's group of retailing businesses is See's Candies ("See's"), which produces boxed chocolates and other confectionery products with an emphasis on quality and distinctiveness in two large kitchens in Los Angeles and San Francisco and one smaller facility in Burlingame, California. See's operates over 200 retail and quantity discount stores located mainly in California and other Western states. See's revenues are highly seasonal with approximately 45% of total annual revenues earned in the months of November and December. The Pampered Chef, LTD ("TPC") is a premier direct seller of high quality kitchen tools with operations in the United States, Canada, United Kingdom, Germany and Mexico. TPC product portfolio consists of approximately 500 TPC branded items in twelve categories, which are researched, designed and tested by TPC and manufactured by third-party suppliers. TPC products are available primarily through a sales force of independent consultants.

Oriental Trading Company, Inc. ("OTC") is a leading multi-channel retailer and online destination for value-priced party supplies, arts and crafts, toys and novelties, school supplies, educational games, home décor and giftware. OTC, based in Omaha, Nebraska, serves a broad base of nearly four million customers annually including consumers, schools, churches, non-profit organizations and other businesses. OTC operates a number of websites and utilizes multiple print and online marketing efforts.

Finance and Financial Products

Clayton Homes, Inc. ("Clayton"), which is headquartered near Knoxville, Tennessee, is a vertically integrated manufactured housing company. At December 31, 2013, Clayton operated 35 manufacturing plants in 12 states. Clayton's homes are marketed in 48 states through a network of 1,528 retailers, including 322 company-owned home centers. Financing is offered through its finance subsidiaries to purchasers of Clayton's manufactured homes as well as those purchasing homes from selected independent retailers.

Clayton competes at the manufacturing, retail and finance levels on the basis of price, service, delivery capabilities and product performance and considers the ability to make financing available to retail purchasers a major factor affecting the market acceptance of its product. Retail sales are supported by Clayton's offering of various finance and insurance programs.

Finance programs include home note and mortgage originations supporting company-owned home centers and select independent retailers. Proprietary loan underwriting guidelines have been developed and include gross income, debt to income limits and credit score requirements, which are considered in evaluating loan applicants. Approximately 62% of the originations are home-only loans and the remaining 38% have land as additional collateral. The average down payment is about 20%, which may be from cash or land equity. Each loan with land will have an independent appraisal in order to establish the value of the land. Originations are all at fixed rates and for fixed terms. Loans outstanding also include bulk purchases of contracts and mortgages from banks and other lenders. Clayton also provides inventory financing to certain independent retailers and services housing contracts and mortgages that were not purchased or originated. The bulk contract purchases and servicing arrangements may relate to the portfolios of other lenders or finance companies, governmental agencies, or other entities that purchase and hold housing contracts and mortgages. Clayton also acts as agent on physical damage insurance policies, home buyer protection plan policies and other programs.

XTRA Corporation ("XTRA"), headquartered in St. Louis, Missouri, is a leading transportation equipment lessor operating under the XTRA Lease ® brand name. XTRA manages a diverse fleet of approximately 80,000 units located at 56 facilities throughout the United States. The fleet includes over-the-road and storage trailers, chassis, temperature controlled vans and flatbed trailers. XTRA is one of the largest lessors (in terms of units available) of over-the-road trailers in North America. Transportation equipment customers lease equipment to cover cyclical, seasonal and geographic needs and as a substitute for purchasing. Therefore, as a provider of marginal capacity of transportation equipment, XTRA's utilization rates (the number of units on lease to total units available) and operating results tend to be cyclical. In addition, transportation providers often use leasing to maximize their asset utilization and reduce capital expenditures. By maintaining a large fleet, XTRA is able to provide customers with a broad selection of equipment and quick response times.

CORT Business Services Corporation is the leading national provider of rental relocation services including rental furniture, accessories and related services in the "rent-to-rent" segment of the furniture rental industry BH Finance invests in fixed-income financial instruments pursuant to proprietary strategies with the objective of earning above average investment returns. BH Finance also enters into derivative contracts and assumes foreign currency, equity price and credit default risk. This business is conducted from Berkshire's corporate headquarters. Management recognizes and accepts that losses may occur due to the nature of these activities as well as the markets in general. Berkshire's finance and financial products businesses employ approximately 14,000 persons.

Additional information with respect to Berkshire's businesses

The amounts of revenue, earnings before taxes and identifiable assets attributable to the aforementioned business segments are included in Note 23 to Berkshire's Consolidated Financial Statements contained in Item 8, Financial Statements and Supplementary Data. Additional information regarding Berkshire's investments in fixed maturity securities, equity securities and other investments is included in Notes 3, 4 and 5 to Berkshire's Consolidated Financial Statements.

On June 7, 2013, Berkshire and an affiliate of the global investment firm 3G Capital (such affiliate, "3G"), through a newly formed holding company, H.J. Heinz Holding Corporation ("Heinz Holding"), acquired H.J. Heinz Company ("Heinz"). Berkshire and 3G each made equity investments in Heinz Holding, which, together with debt financing obtained by Heinz Holding, was used to acquire Heinz for approximately $23.25 billion. Additional information concerning these investments is included in Note 6 to the Registrant's Consolidated Financial Statements.

Heinz is one of the world's leading marketers and producers of healthy, convenient and affordable foods specializing in ketchup, sauces, meals, soups, snacks and infant nutrition. Heinz is a global family of leading branded products, including Heinz ® Ketchup, sauces, soups, beans, pasta, infant foods, Ore-Ida® potato products, Weight Watchers® Smart Ones® entrées and T.G.I. Friday's® snacks.

Berkshire maintains a website (*http://www berkshirehathaway.com*) where its annual reports, certain corporate governance documents, press releases, interim shareholder reports and links to its subsidiaries' websites can be found. Berkshire's periodic reports filed with the SEC, which include Form 10-K, Form 10-Q, Form 8-K and amendments thereto, may be accessed by the public free of charge from the SEC and through Berkshire. Electronic copies of these reports can be accessed at the SEC's website (*http://www.sec gov*) and indirectly through Berkshire's website (*http://www.berkshirehathaway.com*). Copies of these reports may also be obtained, free of charge, upon written request to: Berkshire Hathaway Inc., 3555 Farnam Street, Omaha, NE 68131, Attn: Corporate Secretary. The public may read or obtain copies of these reports from the SEC at the SEC's Public Reference Room at 450 Fifth Street N.W., Washington, D.C. 20549 (1-800-SEC-0330).

Item 1A. Risk Factors

Berkshire and its subsidiaries (referred to herein as "we," "us," "our" or similar expressions) are subject to certain risks and uncertainties in our business operations which are described below. The risks and uncertainties described below are not the only risks we face. Additional risks and uncertainties that are not presently known or are currently deemed immaterial may also impair our business operations.

Our tolerance for risk in our insurance businesses may result in significant underwriting losses.

When properly paid for the risk assumed, we have been and will continue to be willing to assume more risk from a single event than any other insurer has knowingly assumed. Accordingly, we could incur a significant loss from a single event. We may also write coverages for losses arising from acts of terrorism. We attempt to take into account all possible correlations and avoid writing groups of policies from which pre-tax losses might aggregate above $10 billion. Currently, we estimate that our aggregate exposure from a single risk under outstanding policies is significantly below $10 billion. However, it is possible that despite our efforts, losses may aggregate in ways that were not anticipated. Our tolerance for significant insurance losses will likely result in lower reported earnings (or net losses) in a future period.

The degree of estimation error inherent in the process of estimating property and casualty insurance loss reserves may result in significant underwriting losses.

The principal cost associated with the property and casualty insurance business is claims. In writing property and casualty insurance policies, we receive premiums today and promise to pay covered losses in the future However, it will take decades before all claims that have occurred as of any given balance sheet date will be reported and settled. Although we believe that liabilities for unpaid losses are adequate, we will not know whether these liabilities or the premiums charged for the coverages provided were sufficient until well after the balance sheet date. Except for certain product lines, our objective is to generate underwriting profits over the long-term. Estimating insurance claim costs is inherently imprecise. Our estimated unpaid losses arising under contracts covering property and casualty insurance risks are large ($65 billion at December 31, 2013) so even small percentage increases to the aggregate liability estimate can result in materially lower future periodic reported earnings.

Investments are unusually concentrated and fair values are subject to loss in value.

We concentrate a high percentage of our investments in equity securities in a small number of companies and diversify our investment portfolios far less than is conventional in the insurance industry. A significant decline in the fair values of our larger investments may produce a material decline in our consolidated shareholders' equity and our consolidated book value per share. Under certain circumstances, significant declines in the fair values of these investments may require the recognition of other-than-temporary impairment losses.

A large percentage of our investments are held in our insurance companies and a decrease in the fair values of our investments could produce a large decline in statutory surplus. Our large statutory surplus serves as a competitive advantage, and a material decline could have a material adverse affect our ability to write new insurance business thus affecting our future underwriting profitability.

Derivative contracts may require significant future cash settlement payments and result in significant losses.

We have assumed the risk of potentially significant losses under equity index put option and credit default contracts. Although we received considerable premiums as compensation for accepting these risks, there is no assurance that the premiums we received will exceed our aggregate loss or settlement payments. Our risks of losses under equity index put option contracts are based on declines in equity prices of stocks comprising certain major stock indexes. The contracts expire beginning in 2018 and we could be required to make payments when these contracts expire if equity index prices are significantly below the strike prices specified in the contracts. Our risks under credit default contracts are limited to specified municipalities, amounts per municipality and aggregate contract limits. The deterioration of the financial condition of the referenced municipalities could result in significant losses.

Equity index put option and credit default contracts are recorded at fair value in our Consolidated Balance Sheet and the periodic changes in fair values are reported in earnings. The valuations of these contracts and the impact on our earnings can be particularly significant reflecting the volatility of equity and credit markets. Adverse changes in equity and credit markets may result in material losses in periodic earnings.

We are dependent on a few key people for our major investment and capital allocation decisions.

Major investment decisions and all major capital allocation decisions are made by Warren E. Buffett, Chairman of the Board of Directors and CEO, age 83, in consultation with Charles T. Munger, Vice Chairman of the Board of Directors, age 90. If for any reason the services of our key personnel, particularly Mr. Buffett, were to become unavailable, there could be a material adverse effect on our operations. However, Berkshire's Board of Directors has identified certain current Berkshire subsidiary managers who, in their judgment, are capable of succeeding Mr. Buffett. Berkshire's Board has agreed on a replacement for Mr. Buffett should a replacement be needed currently. The Board continually monitors this risk and could alter its current view regarding a replacement for Mr. Buffett in the future. We believe that the Board's succession plan, together with the outstanding managers running our numerous and highly diversified operating units helps to mitigate this risk.

We need qualified personnel to manage and operate our various businesses.

In our decentralized business model, we need qualified and competent management to direct day-to-day business activities of our operating subsidiaries. *Our operating subsidiaries also need qualified and competent personnel in executing their business plans and serving their customers, suppliers and other* stakeholders. Changes in demographics, training requirements and the unavailability of qualified personnel could negatively impact our operating subsidiaries ability to meet demands of customers to supply goods and services. Recruiting and retaining qualified personnel is important to all of our operations. Although we have adequate personnel for the current business environment, unpredictable increases in demand for goods and services may exacerbate the risk of not having sufficient numbers of trained personnel, which could have a negative impact on our operating results, financial condition and liquidity.

The past growth rate in Berkshire's book value per share is not an indication of future results.

In the years since our present management acquired control of Berkshire, our book value per share has grown at a highly satisfactory rate. Because of the large size of our capital base (shareholders' equity of approximately $222 billion as of December 31, 2013), our book value per share will very likely *not* increase in the future at a rate even close to its past rate.

Risks unique to our regulated businesses

Insurance Businesses

Our insurance businesses are subject to regulation in the jurisdictions in which we operate. Such regulations may relate to among other things, the types of business that can be written, the rates that can be charged for coverage, the level of capital that must be maintained, and restrictions on the types and size of investments that can be made. Regulations may also restrict the timing and amount of dividend payments. Accordingly, changes in regulations related to these or other matters or regulatory actions imposing restrictions on our insurance companies, may adversely impact our results of operations.

Railroad Business

Our railroad business conducted through BNSF is subject to a significant number of governmental laws and regulations with respect to rates and practices, railroad operations and a variety of health, safety, labor, environmental and other matters. Failure to comply with applicable laws and regulations could have a material adverse effect on BNSF's business. Governments may change the legislative and/or regulatory framework within which BNSF operates without providing any recourse for any adverse effects that the change may have on the business. Federal legislation enacted in 2008 mandates the implementation of positive train control technology by December 31, 2015, on certain mainline track where intercity and commuter passenger railroads operate and where toxic-by-inhalation ("TIH") hazardous materials are transported. This type of technology is new and deploying it across BNSF Railway's system and other railroads may pose significant operating and implementation risks and requires significant capital expenditures.

BNSF derives a significant amount of revenue from the transportation of coal. To the extent that changes in government environmental policies limit or restrict the usage of coal as a source of fuel in generating electricity or alternate fuels, such as natural gas, displace coal on a competitive basis, BNSF's revenues and earnings could be adversely affected. As a common carrier, BNSF is also required to transport TIH chemicals and other hazardous materials. An accidental release of hazardous materials could expose BNSF to significant claims, losses, penalties and environmental remediation obligations. Increased economic regulation of the rail industry could negatively impact BNSF's ability to determine prices for rail services and to make capital improvements to its rail network, resulting in an adverse effect on our results of operations, financial condition or liquidity.

Utilities and Energy Businesses

Our utilities and energy businesses are highly regulated by numerous federal, state, local and foreign governmental authorities in the jurisdictions in which they operate. These laws and regulations are complex, dynamic and subject to new interpretations or change. Regulations affect almost every aspect of our utilities and energy businesses, have broad application and limit their management's ability to independently make and implement decisions regarding numerous matters, including acquiring businesses; constructing, acquiring or disposing of operating assets; operating and maintaining generating facilities and transmission and distribution system assets; complying with pipeline safety and integrity and environmental requirements; setting rates charged to customers; establishing capital structures and issuing debt or equity securities; transacting between our domestic utilities and our other subsidiaries and affiliates; and paying dividends or similar distributions. Failure to comply with or reinterpretations of existing regulations and new legislation or regulations, such as those relating to air and water quality, renewable portfolio standards, cyber security, emissions performance standards, climate change, coal combustion byproduct disposal, hazardous and solid waste disposal, protected species and other environmental matters, or changes in the nature of the regulatory process may have a significant adverse impact on our financial results.

Our utilities and energy businesses require significant amounts of capital to construct, operate and maintain generation, transmission and distribution systems to meet their customers' needs and reliability criteria. Additionally, such systems may need to be operational for very long periods of time in order to justify the financial investment. The risk of operational or financial failure of capital projects is not necessarily recoverable through rates that are charged to customers.

Competition and technology may erode our business franchises and result in lower earnings.

Each of our operating businesses face intense competitive pressures within markets in which they operate. While we manage our businesses with the objective of achieving long-term sustainable growth by developing and strengthening competitive advantages, many factors, including market and technology changes, may erode or prevent the strengthening of competitive advantages. Accordingly, future operating results will depend to some degree on whether our operating units are successful in protecting or enhancing their competitive advantages. If our operating businesses are unsuccessful in these efforts, our periodic operating results in the future may decline from current levels.

Deterioration of general economic conditions may significantly reduce our operating earnings and impair our ability to access capital markets at a reasonable cost.

Our operating businesses are subject to normal economic cycles affecting the economy in general or the industries in which they operate. To the extent that the recovery from the recent economic recession continues to be slow or the economy worsens for a prolonged period of time, one or more of our significant operations could be materially harmed. In addition, our utilities and energy businesses, our railroad business and our manufactured housing business regularly utilize debt as a component of their capital structures. These businesses depend on having access to borrowed funds through the capital markets at reasonable rates. To the extent that access to the capital markets is restricted or the cost of funding increases, these operations could be adversely affected.

Civil unrest and terrorism acts could hurt our operating businesses.

Historically, we derived a relatively small amount of our revenues and earnings from international markets. Globally, our businesses are conducted primarily in regions where relatively stable political conditions have prevailed. However, certain of our business operations are subject to relatively higher risks from unstable political conditions and civil unrest. Further, terrorism activities deriving from unstable conditions or acts intended to compromise the integrity or security of our computer networks and information systems, in general could produce significant losses to our worldwide operations. Our business operations could be adversely affected directly through the loss of human resources or destruction of production facilities and information systems.

Regulatory changes may adversely impact our future operating results.

In recent years, partially in response to the financial markets crises and the global economic recessions, and social and environmental issues, regulatory initiatives have accelerated in the United States and abroad. Such initiatives address for example, the regulation of banks and other major financial institutions, environmental and global-warming matters and health care reform. It is not yet clear whether or not these initiatives will result in significant changes to existing laws and regulations. Many of the regulations associated with enacted legislation have yet to be written or the costs of compliance associated with enacted legislation may not be fully known or understood. These initiatives and the related costs to comply with such initiatives could have a significant negative impact on our operating businesses, as well as on the businesses that we have a significant but not controlling economic interest Accordingly, we cannot predict whether such initiatives will have a material adverse impact on our consolidated financial position, results of operations or cash flows.

Item 1B. Unresolved Staff Comments

None.

Item 2. Description of Properties

The properties used by Berkshire's business segments are summarized in this section. Berkshire's railroad and utilities and energy businesses, in particular, utilize considerable physical assets in their businesses.

Railroad Business

Through BNSF Railway, BNSF operates a railroad network in North America with approximately 32,500 route miles of track (excluding multiple main tracks, yard tracks and sidings) in 28 states and two Canadian provinces. BNSF owns approximately 23,000 route miles, including easements, and operates on approximately 9,500 route miles of trackage rights that permit BNSF to operate its trains with its crews over other railroads' tracks. The total BNSF Railway system, including single and multiple main tracks, yard tracks and sidings, consists of approximately 51,000 operated miles of track, all of which are owned by or held under easement by BNSF except for approximately 10,500 miles operated under trackage rights.

BNSF operates various facilities and equipment to support its transportation system, including its infrastructure and locomotives and freight cars. It also owns or leases other equipment to support rail operations, including containers, chassis and vehicles. Support facilities for rail operations include yards and terminals throughout its rail network, system locomotive shops to perform locomotive servicing and maintenance, a centralized network operations center for train dispatching and network operations monitoring and management in Fort Worth, Texas, regional dispatching centers, computers, telecommunications equipment, signal systems and other support systems. Transfer facilities are maintained for rail-to-rail as well as intermodal transfer of containers, trailers and other freight traffic and include approximately 30 intermodal hubs located across the system. BNSF owns or holds under non-cancelable leases exceeding one year approximately 7,000 locomotives and 74,000 freight cars, in addition to maintenance of way and other equipment.

Utilities and Energy Businesses

MidAmerican's energy properties consist of the physical assets necessary to support its electricity and natural gas businesses. Properties of MidAmerican's electricity businesses include electric generation, transmission and distribution facilities, as well as coal mining assets that support certain of MidAmerican's electric generating facilities. Properties of MidAmerican's natural gas businesses include natural gas distribution facilities, interstate pipelines, storage facilities, compressor stations and meter stations. In addition to these physical assets, MidAmerican has rights-of-way, mineral rights and water rights that enable MidAmerican to utilize its facilities. Pursuant to separate financing agreements, a majority of these properties are pledged or encumbered to support or otherwise provide the security for the related subsidiary debt. MidAmerican or its affiliates own or have interests in the following types of electric generation facilities at December 31, 2013:

Energy Source	Entity	Location by Significance	Facility Net Capacity (MW) (1)	Net MW Owned (1)
Coal	PacifiCorp, MEC and NV Energy	Iowa, Wyoming, Utah, Nevada, Arizona, Colorado and Montana	17,638	10,580
Natural gas and other	PacifiCorp, MEC, NV Energy and MidAmerican Renewables	Nevada, Utah, Iowa, Illinois, Washington, Oregon, Texas, New York and Arizona	9,954	9,306
Wind	PacifiCorp, MEC and MidAmerican Renewables	Iowa, Wyoming, Washington, California, Oregon and Illinois	3,750	3,741
Hydroelectric	PacifiCorp, MEC and MidAmerican Renewables	Washington, Oregon, The Philippines, Idaho, California, Utah, Hawaii, Montana, Illinois and Wyoming	1,309	1,282
Nuclear	MEC	Illinois	1,816	454
Solar	MidAmerican Renewables	California and Arizona	588	440
Geothermal	PacifiCorp and MidAmerican Renewables	California and Utah	361	198
		Total	35,416	26,001

(1) Facility Net Capacity (MW) represents (except for wind-powered generation facilities, which are nominal ratings) either: 1) PacifiCorp—the total capability of a generating unit as demonstrated by actual operating or test experience, less power generated and used for auxiliaries and other station uses, and is determined using average annual temperatures;

2) MEC—the total facility accredited net generating capacity based on MEC's accreditation approved by the Midcontinent Independent System Operator, Inc.;3) NV Energy—the total capability of a generating unit, less auxiliary and station demands, available at peak summer conditions; or 4) MidAmerican Renewables—the contract capacity for most facilities. Net MW Owned indicates MidAmerican's ownership of Facility Net Capacity (MW).

Additionally, as of December 31, 2013, MidAmerican's subsidiaries have electric generating facilities that are under construction in Iowa, California and Utah having total Facility Net Capacity and Net MW Owned of 2,482 MW.

PacifiCorp, MEC and NV Energy own electric transmission and distribution systems, including approximately 24,200 miles of transmission lines and approximately 1,700 substations, gas distribution facilities, including approximately 25,700 miles of gas mains and service lines, and an estimated 88 million tons of recoverable coal reserves in mines owned or leased in Wyoming, Utah and Colorado.

Northern Natural's pipeline system consists of approximately 14,700 miles of natural gas pipelines, including approximately 6,300 miles of mainline transmission pipelines and approximately 8,400 miles of branch and lateral pipelines. Northern Natural's end-use and distribution market area includes points in Iowa, Nebraska, Minnesota, Wisconsin, South Dakota, Michigan and Illinois and its natural gas supply and delivery service area includes points in Kansas, Texas, Oklahoma and New Mexico. Storage services are provided through the operation of one underground natural gas storage field in Iowa, two underground natural gas storage facilities in Kansas and two liquefied natural gas storage peaking units, one in Iowa and one in Minnesota.

Kern River's system consists of approximately 1,700 miles of natural gas pipelines, including approximately 1,400 miles of mainline section, including 100 miles of lateral pipelines, and approximately 300 miles of common facilities. Kern River owns the entire mainline section, which extends from the system's point of origination in Wyoming through the Central Rocky Mountains area into California.

Northern Powergrid (Northeast)'s and Northern Powergrid (Yorkshire)'s electricity distribution network includes approximately 18,000 miles of overhead lines, approximately 40,000 miles of underground cables and approximately 700 major substations.

Other Segments

The physical properties used by Berkshire's other significant business segments are summarized below:

Business	Country	Location	Type of Property/Facility	Number of Properties	Owned/ Leased
Insurance Group:					
GEICO	U.S.	Chevy Chase, MD and 6 other states	Offices	13	Owned
		Various locations in 37 states	Offices	104	Leased
General Re	U.S.	Stamford, CT	Offices	1	Owned
		Various locations	Offices	26	Leased
	Non-U.S.	Cologne, Germany	Offices	2	Owned
		Various locations in 23 countries	Offices	28	Leased
BHRG	U.S.	Stamford, CT and 9 other locations	Offices	10	Leased
	Non-U.S.	Various locations in 5 countries	Offices	9	Leased
BH Primary Group	U.S.	Omaha, NE, Fort Wayne, IN, Princeton, NJ and Wilkes-Barre, PA	Offices	10	Owned
		Various locations in 19 states	Offices	52	Leased
Marmon	U.S.	Various locations	Manufacturing plants	81	Owned
			Manufacturing plants	27	Leased
			Offices	5	Owned
			Offices	20	Leased
			Warehouses	30	Owned
			Warehouses	31	Leased

Business	Country	Location	Type of Property/Facility	Number of Properties	Owned/ Leased
	Non-U.S.	Various locations in 21 countries	Manufacturing plants	40	Owned
			Manufacturing plants	19	Leased
			Offices	4	Owned
			Offices	22	Leased
			Warehouses	15	Owned
			Warehouses	14	Leased
McLane Company	U.S.	Various locations	Distribution centers/Offices	51	Owned
			Distribution centers/Offices	43	Leased
Other businesses:					
Other Manufacturing	U.S.	Various locations	Manufacturing plants	299	Owned
			Manufacturing plants	49	Leased
			Offices/Warehouses	167	Owned
			Offices/Warehouses	278	Leased
			Retail	27	Owned
			Retail/Showroom	126	Leased
	Non-U.S.	Various locations in over 60 countries	Manufacturing plants	182	Owned
			Manufacturing plants	98	Leased
			Offices/Warehouses	51	Owned
			Offices/Warehouses	387	Leased
			Retail	17	Leased
Other Service	U.S.	Various locations	Training facilities/Hangars	21	Owned
			Training facilities/Hangars	123	Leased
			Offices/Warehouses	52	Owned
			Offices/Warehouses	140	Leased
			Plants	25	Owned
			Plants	6	Leased
			Retail	6	Owned
	Non-U.S.	Various locations in 30 countries	Offices/Warehouses/ Hangars/Training facilities		
			Offices/Warehouses/ Hangars/Training facilities	20	Owned
				108	Leased
Retailing	U.S.	Various locations	Offices/Warehouses/Plants	25	Owned
			Offices/Warehouses	19	Leased
			Retail	33	Owned
			Retail	545	Leased
	Non-U.S.	Locations in 4 countries	Retail/Offices	7	Leased
Finance & Financial Products	U.S.	Various locations	Manufacturing plants	35	Owned
			Manufacturing plants	1	Leased
			Offices/Warehouses	16	Owned
			Offices/Warehouses	48	Leased
			Leasing/Showroom/Retail	223	Owned
			Leasing/Showroom/Retail	233	Leased
			Housing communities	27	Owned
	Non-U.S.	United Kingdom	Leasing/Warehouses	3	Leased

Item 3. Legal Proceedings

We are parties in a variety of legal actions arising out of the normal course of business. In particular, such legal actions affect our insurance and reinsurance businesses. Such litigation generally seeks to establish liability directly through insurance contracts or indirectly through reinsurance contracts issued by Berkshire subsidiaries. Plaintiffs occasionally seek punitive or exemplary damages. We do not believe that such normal and routine litigation will have a material effect on our financial condition or results of operations.

Item 4. Mine Safety Disclosures

Information regarding the Company's mine safety violations and other legal matters disclosed in accordance with Section 1503 (a) of the Dodd-Frank Reform Act is included in Exhibit 95 to this Form 10-K.

Executive Officers of the Registrant

Following is a list of the Registrant's named executive officers:

Name	Age	Position with Registrant	Since
Warren E. Buffett	83	Chairman of the Board	1970
Charles T. Munger	90	Vice Chairman of the Board	1978

Each executive officer serves, in accordance with the by-laws of the Registrant, until the first meeting of the Board of Directors following the next annual meeting of shareholders and until his respective successor is chosen and qualified or until he sooner dies, resigns, is removed or becomes disqualified. Mr. Buffett and Mr. Munger also serve as directors of the Registrant.

Part II

Item 5. *Market for Registrant's Common Equity, Related Security Holder Matters and Issuer Purchases of Equity Securities*

Market Information

Berkshire's Class A and Class B common stock are listed for trading on the New York Stock Exchange, trading symbol: BRK.A and BRK.B. The following table sets forth the high and low sales prices per share, as reported on the New York Stock Exchange Composite List during the periods indicated:

	2013				2012			
	Class A		Class B		Class A		Class B	
	High	Low	High	Low	High	Low	High	Low
First Quarter	$156,634	$136,850	$104.48	$91.29	$123,578	$113,855	$82.47	$75.86
Second Quarter	173,810	154,145	115.98	102.69	124,950	117,551	83.33	78.21
Third Quarter	178,900	166,168	119.30	110.72	134,892	123,227	89.95	82.12
Fourth Quarter	177,950	166,510	118.66	110.84	136,345	125,950	90.93	83.85

Shareholders

Berkshire had approximately 2,900 record holders of its Class A common stock and 19,300 record holders of its Class B common stock at February 14, 2014. Record owners included nominees holding at least 450,000 shares of Class A common stock and 1,170,000,000 shares of Class B common stock on behalf of beneficial-but-not-of-record owners.

Dividends

Berkshire has not declared a cash dividend since 1967.

Common Stock Repurchase Program

In September 2011, Berkshire's Board of Directors ("Berkshire's Board") approved a common stock repurchase program under which Berkshire may repurchase its Class A and Class B shares at prices no higher than a 10% premium over the book value of the shares. In December 2012, Berkshire's Board amended the repurchase program by raising the price limit to no higher than a 20% premium over book value. Berkshire may repurchase shares in the open market or through privately negotiated transactions. Berkshire's Board authorization does not specify a maximum number of shares to be repurchased. However, repurchases will not be made if they would reduce Berkshire's consolidated cash equivalent holdings below $20 billion. The repurchase program is expected to continue indefinitely and the amount of repurchases will depend entirely upon the level of cash available, the attractiveness of investment and business opportunities either at hand or on the horizon, and the degree of discount of the market price relative to management's estimate of intrinsic value. The repurchase program does not obligate Berkshire to repurchase any dollar amount or number of Class A or Class B shares and there is no expiration date to the program. There were no share purchases in 2013. In December 2012, Berkshire repurchased 9,475 Class A shares and 606,499 Class B shares for approximately $1.3 billion through a privately negotiated transaction and market purchases.

Item 6. Selected Financial Data

Selected Financial Data for the Past Five Years
(dollars in millions except per-share data)

	2013	2012	2011	2010	2009
Revenues:					
Insurance premiums earned	$ 36,684	$ 34,545	$ 32,075	$ 30,749	$ 27,884
Sales and service revenues	94,806	83,268	72,803	67,225	62,555
Revenues of railroad, utilities and energy businesses [1]	34,757	32,582	30,839	26,364	11,443
Interest, dividend and other investment income	4,939	4,534	4,792	5,215	5,531
Interest and other revenues of finance and financial products businesses	4,291	4,109	4,009	4,286	4,293
Investment and derivative gains/losses [2]	6,673	3,425	(830)	2,346	787
Total revenues	$182,150	$162,463	$143,688	$136,185	$ 112,493
Earnings:					
Net earnings attributable to Berkshire Hathaway [2]	$ 19,476	$ 14,824	$ 10,254	$ 12,967	$ 8,055
Net earnings per share attributable to Berkshire Hathaway shareholders [3]	$ 11,850	$ 8,977	$ 6,215	$ 7,928	$ 5,193
Year-end data:					
Total assets	$484,931	$427,452	$392,647	$372,229	$297,119
Notes payable and other borrowings:					
Insurance and other businesses	12,902	13,535	13,768	12,471	4,561
Railroad, utilities and energy businesses [1]	46,655	36,156	32,580	31,626	19,579
Finance and financial products businesses	12,667	13,045	14,036	14,477	13,769
Berkshire Hathaway shareholders' equity	221,890	187,647	164,850	157,318	131,102
Class A equivalent common shares outstanding, in thousands	1,644	1,643	1,651	1,648	1,552
Berkshire Hathaway shareholders' equity per outstanding Class A equivalent common share	$ 134,973	$ 114,214	$ 99,860	$ 95,453	$ 84,487

[1] *On February 12, 2010, BNSF became a wholly-owned subsidiary of Berkshire and BNSF's accounts are consolidated in Berkshire's financial statements beginning on that date. From December 31, 2008 to February 12, 2010, Berkshire's investment in BNSF common stock was accounted for pursuant to the equity method.*

[2] *Investment gains/losses include realized gains and losses and non-cash other-than-temporary impairment losses. Derivative gains/losses include significant amounts related to non-cash changes in the fair value of long-term contracts arising from short-term changes in equity prices, interest rates and foreign currency rates, among other market factors. After-tax investment and derivative gains/losses were $4.3 billion in 2013, $2.2 billion in 2012, $(521) million in 2011, $1.87 billion in 2010 and $486 million in 2009.*

[3] *Represents net earnings per equivalent Class A common share. Net earnings per Class B common share is equal to 1/1,500 of such amount.*

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

Results of Operations

Net earnings attributable to Berkshire Hathaway shareholders for each of the past three years are disaggregated in the table that follows. Amounts are after deducting income taxes and exclude earnings attributable to noncontrolling interests. Amounts are in millions.

	2013	2012	2011
Insurance – underwriting	$ 1,995	$ 1,046	$ 154
Insurance – investment income	3,708	3,397	3,555
Railroad	3,793	3,372	2,972
Utilities and energy	1,470	1,323	1,204
Manufacturing, service and retailing	4,230	3,699	3,039
Finance and financial products	657	557	516
Other	(714)	(797)	(665)
Investment and derivative gains/losses	4,337	2,227	(521)
Net earnings attributable to Berkshire Hathaway shareholders	$19,476	$14,824	$10,254

Through our subsidiaries, we engage in a number of diverse business activities. Our operating businesses are managed on an unusually decentralized basis. There are essentially no centralized or integrated business functions (such as sales, marketing, purchasing, legal or human resources) and there is minimal involvement by our corporate headquarters in the day-to-day business activities of the operating businesses. Our senior corporate management team participates in and is ultimately responsible for significant capital allocation decisions, investment activities and the selection of the Chief Executive to head each of the operating businesses. It also is responsible for establishing and monitoring Berkshire's corporate governance practices, including, but not limited to, communicating the appropriate "tone at the top" messages to its employees and associates, monitoring governance efforts, including those at the operating businesses, and participating in the resolution of governance-related issues as needed. The business segment data (Note 23 to the Consolidated Financial Statements) should be read in conjunction with this discussion.

Our insurance businesses generated after-tax earnings from underwriting in each of the last three years. Periodic earnings from insurance underwriting are significantly impacted by the magnitude of catastrophe loss events occurring during the period. In 2013, we incurred after-tax losses of approximately $285 million from two catastrophe events in Europe. Insurance underwriting earnings in 2012 included after-tax losses of approximately $725 million from Hurricane Sandy. In 2011, underwriting earnings included after-tax losses of approximately $1.7 billion from several different catastrophe events occurring in that year.

Our railroad and utilities and energy businesses generated significant earnings in each of the last three years. Earnings from our manufacturing, service and retailing businesses in 2013 increased about 14.4% over 2012, which was partially attributable to bolt-on business acquisitions completed during the last two years and reductions in earnings attributable to noncontrolling interests. Earnings from our manufacturing, service and retailing businesses in 2012 increased significantly over 2011 due primarily to the impact of the acquisition of The Lubrizol Corporation ("Lubrizol"), which was completed on September 16, 2011.

In 2013 and 2012, after-tax investment and derivative gains were approximately $4.3 billion and $2.2 billion, respectively. In each year, after-tax gains included gains from the reductions in estimated liabilities under equity index put option contracts and dispositions of investments, partially offset by other-than-temporary impairment ("OTTI") losses. Investment gains in 2013 also included after-tax gains associated with the fair value increases of certain investment securities where the gains or losses were reflected in periodic earnings. In 2012, after-tax investment and derivative gains also included gains from settlements and expirations of credit default contracts. In 2011, after-tax investment and derivative losses were $521 million, reflecting after-tax losses of $1.2 billion related to increases in liabilities under our equity index put option contracts and OTTI losses of $590 million related to certain equity and fixed maturity securities, partially offset by after-tax investment gains of $1.2 billion from the redemptions of our Goldman Sachs and General Electric Preferred Stock investments. We believe that investment and derivatives gains/losses are often meaningless in terms of understanding our reported results or evaluating our economic performance. These gains and losses have caused and will likely continue to cause significant volatility in our periodic earnings.

Management's Discussion *(Continued)*

Insurance—Underwriting

We engage in both primary insurance and reinsurance of property/casualty, life and health risks. In primary insurance activities, we assume defined portions of the risks of loss from persons or organizations that are directly subject to the risks. In reinsurance activities, we assume defined portions of similar or dissimilar risks that other insurers or reinsurers have subjected themselves to in their own insuring activities. Our insurance and reinsurance businesses are: (1) GEICO, (2) General Re, (3) Berkshire Hathaway Reinsurance Group ("BHRG") and (4) Berkshire Hathaway Primary Group.

Our management views insurance businesses as possessing two distinct operations – underwriting and investing. Underwriting decisions are the responsibility of the unit managers; investing decisions, with limited exceptions, are the responsibility of Berkshire's Chairman and CEO, Warren E. Buffett. Accordingly, we evaluate performance of underwriting operations without any allocation of investment income. Underwriting results represent insurance premiums earned less insurance losses, benefits and underwriting expenses incurred.

The timing and amount of catastrophe losses can produce significant volatility in our periodic underwriting results, particularly with respect to BHRG and General Re. For the purpose of this discussion, we considered catastrophe losses significant if the pre-tax losses incurred from a single event (or series of related events such as tornadoes) exceeded $75 million on a consolidated basis. In 2013, we incurred pre-tax losses of $436 million related to two events in Europe. In 2012, we incurred pre-tax losses of approximately $1.1 billion attributable to Hurricane Sandy, which included approximately $490 million incurred by GEICO. In 2011, we incurred pre-tax losses of approximately $2.6 billion, arising from nine events. The largest losses were from the earthquakes in Japan ($1.25 billion) and New Zealand ($650 million) in the first quarter. Additionally, we incurred losses from several weather related events in the Pacific Rim and the U.S.

Our periodic underwriting results may be affected significantly by changes in estimates for unpaid losses and loss adjustment expenses, including amounts established for occurrences in prior years. In 2011, we reduced estimated liabilities related to certain retroactive reinsurance contracts which resulted in an increase in pre-tax underwriting earnings of approximately $875 million. These reductions were primarily due to lower than expected loss experience of one ceding company. Actual claim settlements and revised loss estimates will develop over time, which will likely differ from the liability estimates recorded as of year-end (approximately $65 billion). Accordingly, the unpaid loss estimates recorded as of December 31, 2013 may develop upward or downward in future periods, producing a corresponding decrease or increase, respectively, to pre-tax earnings.

Our periodic underwriting results may also include significant foreign currency transaction gains and losses arising from the changes in the valuation of certain non-U.S. Dollar denominated reinsurance liabilities of our U.S. based subsidiaries as a result of foreign currency exchange rate fluctuations. Historically, currency exchange rates have been volatile and the resulting impact on our underwriting earnings has been relatively significant. These gains and losses are included in underwriting expenses.

A key marketing strategy of our insurance businesses is the maintenance of extraordinary capital strength. Statutory surplus of our insurance businesses was approximately $129 billion at December 31, 2013. This superior capital strength creates opportunities, especially with respect to reinsurance activities, to negotiate and enter into insurance and reinsurance contracts specially designed to meet the unique needs of insurance and reinsurance buyers.

Underwriting results from our insurance businesses are summarized below. Amounts are in millions.

	2013	2012	2011
Underwriting gain (loss) attributable to:			
GEICO	$ 1,127	$ 680	$576
General Re	283	355	144
Berkshire Hathaway Reinsurance Group	1,294	304	(714)
Berkshire Hathaway Primary Group	385	286	242
Pre-tax underwriting gain	3,089	1,625	248
Income taxes and noncontrolling interests	1,094	579	94
Net underwriting gain	$1,995	$ 1,046	$ 154

Management's Discussion *(Continued)*

Insurance—Underwriting (Continued)

GEICO

Through GEICO, we primarily write private passenger automobile insurance, offering coverages to insureds in all 50 states and the District of Columbia. GEICO's policies are marketed mainly by direct response methods in which customers apply for coverage directly to the company via the Internet or over the telephone. This is a significant element in our strategy to be a low-cost auto insurer. In addition, we strive to provide excellent service to customers, with the goal of establishing long-term customer relationships. GEICO's underwriting results are summarized below. Dollars are in millions.

	2013		2012		2011	
	Amount	%	Amount	%	Amount	%
Premiums written	$ 19,083		$17,129		$15,664	
Premiums earned	$18,572	100.0	$ 16,740	100.0	$ 15,363	100.0
Losses and loss adjustment expenses	14,255	76.7	12,700	75.9	12,013	78.2
Underwriting expenses	3,190	17.2	3,360	20.0	2,774	18.1
Total losses and expenses	17,445	93.9	16,060	95.9	14,787	96.3
Pre-tax underwriting gain	$ 1,127		$ 680		$ 576	

Premiums written in 2013 were $19.1 billion, an increase of 11.4% over premiums written in 2012. Premiums earned in 2013 increased approximately $1.8 billion (10.9%) compared to premiums earned in 2012. The growth in premiums written and earned reflected an increase in voluntary auto policies-in-force of 7.8% over the past year and, to a lesser degree, higher average premiums per policy. The increase in policies-in-force reflected a 12.1% increase in voluntary auto new business sales. Voluntary auto policies-in-force at December 31, 2013 were approximately 898,000 greater than at December 31, 2012.

Losses and loss adjustment expenses incurred in 2013 increased $1.56 billion (12.2%) compared to 2012. The loss ratio (the ratio of losses and loss adjustment expenses incurred to premiums earned) was 76.7% in 2013 compared to 75.9% in 2012. In 2013, claims frequencies for property damage and collision coverages generally increased in the two to four percent range compared to 2012. Physical damage claims severities increased in the three to four percent range in 2013. In addition, average bodily injury claims frequencies increased in the one to two percent range. Bodily injury claims severities increased in the one to three percent range, although severities for personal injury protection coverage declined, primarily in Florida. In both 2013 and 2012, losses and loss adjustment expenses incurred were favorably impacted by reductions of estimates for prior years' losses.

Underwriting expenses incurred in 2013 declined $170 million (5.1%) compared with 2012. Underwriting expenses in 2012 were impacted by a change in U.S GAAP concerning deferred policy acquisition costs ("DPAC"). DPAC represents the underwriting costs that are capitalized and expensed as premiums are earned over the policy period. The new accounting standard, which we adopted on a prospective basis as of January 1, 2012, accelerates the timing of when certain underwriting costs are recognized in earnings. We estimate that GEICO's underwriting expenses in 2012 would have been about $410 million less had we computed DPAC under the prior accounting standard. The effect of transitioning to this new accounting standard was completed in 2012. Excluding the effects of the accounting change in 2012, the ratio of underwriting expenses to premiums earned (the "expense ratio") in 2013 declined by approximately 0.4 percentage points from 2012.

Premiums earned in 2012 were approximately $16.7 billion, an increase of $1.4 billion (9.0%) over 2011. The growth in premiums earned for voluntary auto was 9.0% as a result of a 6.5% increase in policies-in-force and an increase in average premium per policy as compared to 2011. Voluntary auto new business sales in 2012 increased slightly compared with 2011. Voluntary auto policies-in-force at December 31, 2012 were approximately 704,000 greater than at December 31, 2011.

Losses and loss adjustment expenses incurred in 2012 were $12.7 billion, an increase of $687 million (5.7%) over 2011. The loss ratio was 75.9% in 2012 and 78.2% in 2011. Losses and loss adjustment expenses in 2012 included $490 million related to Hurricane Sandy. With the exception of Hurricane Sandy, GEICO's catastrophe losses tend to occur regularly and are normally not individually significant in amount.

Despite the losses from Hurricane Sandy, our loss ratio declined in 2012 as compared to 2011. Claims frequencies for property damage and collision coverages were down about one percent, comprehensive coverage frequencies were down about ten percent, excluding Hurricane Sandy, and frequencies for bodily injury coverages were relatively unchanged. Physical

Management's Discussion *(Continued)*

Insurance—Underwriting (Continued)

GEICO (Continued)

damage severities increased in the two to four percent range and bodily injury severities increased in the one to three percent range from 2011.

Underwriting expenses incurred in 2012 increased $586 million (21.1%) compared with 2011. The increase was primarily the result of the change in U.S. GAAP concerning DPAC discussed previously. We estimate that GEICO's underwriting expenses in 2012 would have been about $410 million less had we computed DPAC under the prior accounting standard. Based on that estimate, GEICO's expense ratio in 2012 would have been less than in 2011.

General Re

Through General Re, we conduct a reinsurance business offering property and casualty and life and health coverages to clients worldwide. We write property and casualty reinsurance in North America on a direct basis through General Reinsurance Corporation and internationally through Germany-based General Reinsurance AG and other wholly-owned affiliates. Property and casualty reinsurance is also written in broker markets through Faraday in London. Life and health reinsurance is written in North America through General Re Life Corporation and internationally through General Reinsurance AG. General Re strives to generate underwriting profits in essentially all of its product lines. Our management does not evaluate underwriting performance based upon market share and our underwriters are instructed to reject inadequately priced risks. General Re's underwriting results are summarized in the following table. Amounts are in millions.

	Premiums written			Premiums earned			Pre-tax underwriting gain (loss)		
	2013	2012	2011	2013	2012	2011	2013	2012	2011
Property/casualty	$2,972	$2,982	$2,910	$3,007	$2,904	$2,941	$ 148	$ 399	$ 7
Life/health	2,991	3,002	2,909	2,977	2,966	2,875	135	(44)	137
	$5,963	$5,984	$5,819	$5,984	$5,870	$5,816	$ 283	$ 355	$ 144

Property/casualty

Property/casualty premiums written in 2013 were relatively unchanged while premiums earned increased $103 million (3.5%), versus the corresponding 2012 period. Excluding the effects of foreign currency exchange rate changes, premiums written and premiums earned in 2013 increased $8 million (0 3%) and $83 million (2.9%), respectively, versus 2012. This was primarily due to increases in European treaty business. Price competition in most property and casualty lines persists. Our underwriters continue to exercise discipline by declining offers to write business where prices are deemed inadequate. We remain prepared to increase premium volumes should market conditions improve.

Property/casualty operations in 2013 produced net underwriting gains of $148 million which consisted of $153 million of gains from our property business and $5 million of losses from casualty/workers' compensation business. In 2013, property results included catastrophe losses of approximately $400 million attributable to a hailstorm ($280 million) and floods ($120 million) in Europe. The timing and magnitude of catastrophe and large individual losses has produced and is expected to continue to produce significant volatility in periodic underwriting results. Property underwriting results also included gains from reductions of $375 million in loss reserve estimates for prior years' loss events as a result of lower than expected losses reported from ceding companies. The underwriting loss from casualty/workers' compensation business included $141 million of losses attributable to discount accretion related to prior years' workers' compensation liabilities and net underwriting losses attributable to current year business, offset by reductions in estimated liabilities for prior year losses.

Premiums written in 2012 increased $72 million (2.5%), while premiums earned declined $37 million (1.3%) from 2011. Excluding the effects of foreign currency exchange rate changes, premiums written increased $158 million (5.4%) compared to 2011 which reflected increased volume in most of our major markets around the globe. Before the effects of currency exchange, premiums earned in 2012 increased $61 million (2.1%) over 2011 which was primarily attributable to an increase in European property treaty business.

Underwriting gains were $399 million in 2012 and consisted of $352 million of gains from our property business and $47 million of gains from casualty/workers' compensation business. Our property results included $266 million of catastrophe losses primarily attributable to Hurricane Sandy ($226 million), an earthquake in Northern Italy and various tornadoes in the Midwest. The underwriting gains from casualty/workers' compensation business included lower than expected losses from prior years'

Management's Discussion *(Continued)*

Insurance—Underwriting (Continued)

Property/casualty (Continued)

casualty business, offset in part by discount accretion of workers' compensation liabilities and deferred charge amortization on retroactive reinsurance contracts.

Underwriting gains were $7 million in 2011 and consisted of a net underwriting gain of $127 million from casualty/workers' compensation business substantially offset by a net underwriting loss of $120 million from property business. Our property results in 2011 included $861 million of catastrophe losses. The catastrophe losses were primarily attributable to earthquakes in New Zealand ($235 million) and Japan ($189 million), as well as several weather related loss events in the United States, Europe and Australia, with losses ranging from about $30 million to $75 million per event. The underwriting gain of $127 million from casualty/workers' compensation business reflected overall reductions in loss reserve estimates for prior years' loss events, which was partially offset by discount accretion associated with workers' compensation liabilities and deferred charge amortization.

Life/health

In 2013, premiums written decreased $11 million (0.4%), while premiums earned increased $11 million (0.4%) compared with 2012. Adjusting for the effects of currency exchange rate changes, premiums written in 2013 increased $9 million (0.3%) over 2012 and premiums earned were $32 million (1.1%), higher than 2012. The increases, before foreign currency effects, were primarily attributable to increased non-U.S. life business. Life/health operations in 2013 produced net underwriting gains of $135 million, which were driven by lower than expected mortality, offset in part by discount accretion in the long-term care business.

Premiums written in 2012 increased $93 million (3.2%) and earned premiums increased $91 million (3.2%) from 2011. Excluding the effects of foreign currency exchange rate changes, premiums written and earned in 2012 increased $239 million (8.2%) and $236 million (8.2%), respectively, compared to 2011. The increases in premiums written and earned were primarily attributed to increased writings in non-U.S. life business. The underwriting results for 2012 were negatively impacted by a premium deficiency reserve that was established on the run off of the U.S. long-term care book of business as well as greater than expected claims frequency and duration in the individual and group disability business in Australia. Underwriting results for 2011 included losses of $15 million attributable to the earthquake in Japan, offset by lower than expected mortality in the life business.

Berkshire Hathaway Reinsurance Group

Through BHRG, we underwrite excess-of-loss reinsurance and quota-share coverages on property and casualty risks for insurers and reinsurers worldwide. BHRG's business includes catastrophe excess-of-loss reinsurance and excess primary insurance and facultative reinsurance for large or otherwise unusual property risks referred to as individual risk. BHRG also writes retroactive reinsurance, which provides indemnification of losses and loss adjustment expenses with respect to past loss events. Multi-line property/casualty refers to various coverages written on both a quota-share and excess basis and includes a 20% quota-share contract with Swiss Reinsurance Company Ltd. ("Swiss Re") covering substantially all of Swiss Re's property/casualty risks incepting between January 1, 2008 and December 31, 2012. The Swiss Re quota-share contract is now in run-off. BHRG's underwriting activities also include life reinsurance and traditional annuity businesses. BHRG's underwriting results are summarized in the table below. Amounts are in millions.

	Premiums earned			Pre-tax underwriting gain/loss		
	2013	2012	2011	2013	2012	2011
Catastrophe and individual risk	$ 801	$ 816	$ 751	$ 581	$ 400	$ (321)
Retroactive reinsurance	328	717	2,011	(321)	(201)	645
Other multi-line property/casualty	4,348	5,306	4,224	655	295	(338)
Life and annuity	3,309	2,833	2,161	379	(190)	(700)
	$8,786	$9,672	$9,147	$1,294	$ 304	$ (714)

Catastrophe and individual risk premiums written were $807 million in 2013, $785 million in 2012, and $720 million in 2011. The level of business written in a given period will vary significantly depending on changes in market conditions and

Management's Discussion *(Continued)*

Insurance—Underwriting (Continued)

Berkshire Hathaway Reinsurance Group (Continued)

management's assessment of the adequacy of premium rates. We have constrained the volume of business written in recent years. However, we have the capacity and desire to write substantially more business when appropriate pricing can be obtained.

Periodic underwriting results of our catastrophe and individual risk business are subject to extraordinary volatility, depending on the timing and magnitude of significant catastrophe losses. In 2013, we incurred losses of $20 million from floods in Europe, while in 2012 we incurred losses of $96 million in connection with Hurricane Sandy. In 2011, we incurred losses of approximately $800 million attributable to the earthquakes in Japan ($700 million) and New Zealand ($100 million).

Retroactive reinsurance policies provide indemnification of unpaid losses and loss adjustment expenses with respect to past loss events, and related claims are generally expected to be paid over long periods of time. Premiums and limits of indemnification are often very large in amount. Coverages are generally subject to policy limits. Premiums earned in 2013, 2012 and 2011 were attributed to a relatively small number of contracts. Premiums earned under retroactive reinsurance contracts in 2011 included approximately $1.7 billion from a reinsurance contract with Eaglestone Reinsurance Company, a subsidiary of American International Group, Inc. ("AIG"). Under the contract, we agreed to reinsure the bulk of AIG's U.S. asbestos liabilities. The agreement provides for a maximum limit of indemnification of $3.5 billion.

Underwriting results attributable to retroactive reinsurance include the recurring periodic amortization of deferred charges that are established with respect to these contracts. At the inception of a contract, deferred charge assets are recorded as the excess, if any, of the estimated ultimate losses payable over the premiums earned. Deferred charge balances are subsequently amortized over the estimated claims payment period using the interest method, which reflects estimates of the timing and amount of loss payments. The original estimates of the timing and amount of ultimate loss payments are periodically analyzed against actual experience and revised based on an actuarial evaluation of the expected remaining losses. Amortization charges and deferred charge adjustments resulting from changes to the estimated timing and amount of future loss payments are included as a component of losses and loss adjustment expenses.

The underwriting losses from retroactive policies of $321 million in 2013 and $201 million in 2012 primarily represented the amortization of deferred charges. In 2013, we increased undiscounted estimated liabilities by approximately $300 million related to prior years' contracts, which was partially offset by increases in related deferred charge balances. In 2011, the net underwriting gain from retroactive reinsurance contracts of $645 million reflected the favorable impact of an $865 million reduction in the estimated liabilities related to an adverse loss development contract with Swiss Re, which was attributable to better than expected loss experience.

Gross unpaid losses from retroactive reinsurance contracts were approximately $17.7 billion as of December 31, 2013, $18.0 billion at December 31, 2012 and $18.8 billion at December 31, 2011. At December 31, 2013 and 2012 unamortized deferred charges related to BHRG's retroactive reinsurance contracts were approximately $4.25 billion and $3.90 billion, respectively.

Premiums earned from multi-line property/casualty business in 2013 declined $958 million (18%) compared to 2012, while premiums earned in 2012 increased approximately $1.1 billion (26%) over 2011. As previously noted, the Swiss Re 20% quota-share contract expired on December 31, 2012. As a result, premiums earned in 2013 from that contract declined $1.9 billion (57%) compared with 2012. Premiums earned under the Swiss Re quota-share contract were $3.4 billion in 2012 and $2.9 billion in 2011. Premiums earned in 2013 from multi-line business, other than from the Swiss Re quota-share contract, increased $981 million (52%) over 2012, which was primarily attributable to increased property quota-share business.

Multi-line property/casualty generated pre-tax underwriting gains of $655 million in 2013 and $295 million in 2012. This business produced pre-tax underwriting losses of $338 million in 2011. Periodic underwriting results can be significantly impacted by catastrophe losses and foreign currency transaction gains or losses associated with the changes in the valuation of certain reinsurance liabilities of U.S.-based subsidiaries (including liabilities arising under retroactive reinsurance contracts), which are denominated in foreign currencies.

Multi-line property/casualty underwriting results in 2013 included losses of $16 million from floods and a hailstorm in Europe. Underwriting results in 2012 included estimated losses of $268 million from Hurricane Sandy. Catastrophe losses were approximately $933 million in 2011, which arose primarily from the earthquakes in Japan ($375 million) and New Zealand ($300 million) and from floods in Thailand ($150 million). The catastrophe losses in 2011 and 2012 arose primarily under the

Management's Discussion *(Continued)*

Insurance—Underwriting (Continued)

Berkshire Hathaway Reinsurance Group (Continued)

Swiss Re quota-share contract Underwriting results included foreign currency transaction losses of $28 million in 2013 and $123 million in 2012 and gains of $140 million in 2011.

Life and annuity premiums earned in 2013 increased $476 million (17%) over premiums earned in 2012. In 2013, premiums earned included $1.7 billion received in connection with a new reinsurance contract which provides coverage of guaranteed minimum death benefits on a portfolio of variable annuity reinsurance contracts that have been in run-off for a number of years. Premiums earned in 2013 also included $1.4 billion from traditional annuity insurance and reinsurance contracts that provide for streams of periodic payments in the future in exchange for upfront consideration. Annuity premiums in 2012 were $794 million. These increases were partially offset by the reversal of premiums previously earned (approximately $1.3 billion) under the Swiss Re Life & Health America Inc. ("SRLHA") yearly renewable term life insurance contract as a result of contract amendments in 2013. The amendments essentially commuted coverage with respect to a number of the underlying contracts in exchange for payments to SRLHA of $675 million.

The life and annuity business produced pre-tax underwriting gains of $379 million in 2013. The underwriting gains in 2013 included a one-time pre-tax gain of $255 million attributable to the aforementioned amendments to the SRLHA contract as the reversal of premiums earned was more than offset by the reversal of life benefits incurred. The one-time underwriting gain related to the SRLHA contract partially offset the significant underwriting losses incurred under that contract over the previous three years. Underwriting results in 2013 also included pre-tax gains of approximately $250 million related to the variable annuity guarantee business written in 2013. The gains were primarily attributable to the impact of rising equity markets which lowered estimates of liabilities for guaranteed minimum benefits. The annuity business normally generates periodic underwriting losses as a result of the periodic accretion of discounted annuity liabilities. Periodic underwriting results are also impacted by adjustments for mortality experience and changes in foreign currency exchange rates applicable to certain of the contracts. Annuity business produced net underwriting losses of $178 million in 2013.

The life and annuity business generated pre-tax underwriting losses of $190 million in 2012 and $700 million in 2011. Annuity business produced net underwriting losses of $159 million in 2012 and $118 million in 2011. In 2011, we also recorded a pre-tax underwriting loss of $642 million with respect to the SRLHA contract Mortality rates under that contract persistently exceeded the assumptions we made at the inception of the contract. During the fourth quarter of 2011, after considerable internal actuarial analysis, our management concluded that future mortality rates are expected to be greater than our original assumptions. As a result, we increased our estimated liabilities for future policyholder benefits to reflect the new assumptions.

Berkshire Hathaway Primary Group

The Berkshire Hathaway Primary Group ("BH Primary") consists of a wide variety of independently managed insurance businesses. These businesses include: Medical Protective Company and Princeton Insurance Company ("Princeton," acquired in December 2011), providers of healthcare malpractice insurance coverages; National Indemnity Company's primary group, writers of commercial motor vehicle and general liability coverages; U.S. Investment Corporation, whose subsidiaries underwrite specialty insurance coverages; a group of companies referred to internally as "Berkshire Hathaway Homestate Companies," providers of commercial multi-line insurance, including workers' compensation; Central States Indemnity Company, a provider of credit and disability insurance; Applied Underwriters, a provider of integrated workers' compensation solutions; and BoatU.S., a writer of insurance for owners of boats and small watercraft. In the fourth quarter of 2012, we acquired GUARD Insurance Group ("GUARD"), a provider of workers' compensation and complimentary commercial property and casualty insurance coverage to small and mid-sized businesses. In the second quarter of 2013, we formed Berkshire Hathaway Specialty Insurance which concentrates on providing large scale capacity solutions for commercial property and casualty risks.

Premiums earned in 2013 by BH Primary aggregated $3,342 million, an increase of $1,079 million (48%) over 2012. Premiums earned in 2012 by BH Primary were $2,263 million, an increase of $514 million (29%) over 2011. The comparative increases in 2013 and 2012 reflected the impact of the GUARD acquisition in 2012 and Princeton at the end of 2011. In addition, Berkshire Hathaway Homestate Companies' premiums earned increased $301 million in 2013 and $188 million in 2012 compared to the corresponding prior years, due primarily to significantly higher workers' compensation insurance volume. BH Primary produced underwriting gains of $385 million in 2013, $286 million in 2012 and $242 million in 2011. The gains reflected a generally favorable claim environment over the three years, which resulted in loss ratios of 60% in 2013, 58% in 2012 and 52% in 2011.

Management's Discussion *(Continued)*

Insurance—Investment Income

A summary of net investment income of our insurance operations follows. Amounts are in millions.

	2013	2012	2011
Investment income before taxes and noncontrolling interests	$4,713	$4,454	$4,725
Income taxes and noncontrolling interests	1,005	1,057	1,170
Net investment income	$3,708	$3,397	$3,555

Investment income consists of interest and dividends earned on cash and investments of our insurance businesses. Pre-tax investment income in 2013 increased $259 million (5.8%) compared to 2012. The increase was primarily attributable to increased dividends earned on equity investments, which reflected increased dividend rates for certain of our larger equity holdings as well as increased overall investments in equity securities.

Beginning with the fourth quarter of 2013, investment income no longer includes interest from our investments in Wrigley 11.45% subordinated notes ($4.4 billion par), as a result of the repurchase of those notes by Mars/Wrigley. In addition, other higher yielding fixed maturity investments were redeemed in 2013 or will mature in 2014. Investment income in 2014 is expected to decline compared to 2013 given that investment opportunities currently available will likely generate considerably lower yields We continue to hold significant cash and cash equivalents earning very low yields. However, we believe that maintaining ample liquidity is paramount and we insist on safety over yield with respect to cash and cash equivalents.

Pre-tax investment income in 2012 declined $271 million (6%) compared to 2011. The decline reflected the redemptions in 2011 of our investments in Goldman Sachs 10% Preferred Stock (insurance subsidiaries held 87% of the $5 billion aggregate investment) and in General Electric 10% Preferred Stock ($3 billion aggregate investment). Dividends earned by our insurance subsidiaries from these investments were $420 million in 2011. Investment income in 2012 reflected dividends earned for the full year from our investment in September 2011 in Bank of America 6% Preferred Stock (insurance subsidiaries hold 80% of the $5 billion aggregate investment) and increased dividend rates with respect to several of our common stock investments.

Invested assets derive from shareholder capital and reinvested earnings as well as net liabilities under insurance contracts or "float." The major components of float are unpaid losses, life, annuity and health benefit liabilities, unearned premiums and other liabilities to policyholders less premium and reinsurance receivables, deferred charges assumed under retroactive reinsurance contracts and deferred policy acquisition costs. Float approximated $77 billion at December 31, 2013, $73 billion at December 31, 2012, and $70 billion at December 31, 2011. The cost of float was negative over the last three years as our insurance business generated underwriting gains in each year.

A summary of cash and investments held in our insurance businesses as of December 31, 2013 and 2012 follows. Other investments include investments in The Dow Chemical Company and Bank of America Corporation. See Note 5 to the Consolidated Financial Statements. Amounts are in millions.

	December 31,	
	2013	2012
Cash and cash equivalents	$ 32,572	$ 26,458
Equity securities	114,832	86,694
Fixed maturity securities	27,059	35,243
Other investments	12,334	10,184
	$186,797	$158,579

Management's Discussion *(Continued)*

Insurance—Investment Income *(Continued)*

Fixed maturity investments as of December 31, 2013 were as follows. Amounts are in millions.

	Amortized cost	Unrealized gains/losses	Carrying value
U.S. Treasury, U.S. government corporations and agencies	$ 2,650	$ 8	$ 2,658
States, municipalities and political subdivisions	2,221	124	2,345
Foreign governments	9,871	71	9,942
Corporate bonds, investment grade	6,116	552	6,668
Corporate bonds, non-investment grade	3,047	619	3,666
Mortgage-backed securities	1,596	184	1,780
	$25,501	$1,558	$27,059

U.S. government obligations are rated AA+ or Aaa by the major rating agencies and approximately 86% of all state, municipal and political subdivisions, foreign government obligations and mortgage-backed securities were rated AA or higher. Non-investment grade securities represent securities that are rated below BBB- or Baa3. Foreign government securities include obligations issued or unconditionally guaranteed by national or provincial government entities.

Railroad ("Burlington Northern Santa Fe")

Burlington Northern Santa Fe Corporation ("BNSF") operates one of the largest railroad systems in North America with approximately 32,500 route miles of track in 28 states and two Canadian provinces. BNSF's major business groups are classified by product shipped and include consumer products, coal, industrial products and agricultural products. Earnings of BNSF are summarized below (in millions).

	2013	2012	2011
Revenues	$ 22,014	$ 20,835	$ 19,548
Operating expenses:			
Compensation and benefits	4,651	4,505	4,315
Fuel	4,503	4,459	4,267
Purchased services	2,418	2,374	2,218
Depreciation and amortization	1,973	1,889	1,807
Equipment rents, materials and other	1,812	1,608	1,640
Total operating expenses	15,357	14,835	14,247
Interest expense	729	623	560
	16,086	15,458	14,807
Pre-tax earnings	5,928	5,377	4,741
Income taxes	2,135	2,005	1,769
Net earnings	$ 3,793	$ 3,372	$ 2,972

Revenues for 2013 were approximately $22.0 billion, an increase of $1.2 billion (5.7%) over 2012. The overall year-to-date increase in revenues reflected a 4.5% increase in cars/units handled and a slight increase in average revenue per car/unit, attributable to rates. In 2013, BNSF generated higher revenues from industrial products, consumer products and coal, partially offset by lower revenues from agricultural products.

In 2013, industrial products revenues of $5.7 billion increased 14% versus 2012, driven by an 11% increase in volume, reflecting significantly higher petroleum products volumes. Consumer products revenues in 2013 were $7.0 billion, an increase of 6% over 2012 that was primarily attributable to volume increases from domestic intermodal business and higher export demand. Coal revenues were $5.0 billion in 2013, an increase of 2.6% over 2012, which was attributable to increased volume. The volume increase reflected increased coal demand as a result of higher natural gas prices and reduced utility stockpiles, partially offset by severe weather issues impacting service levels. In 2013, agricultural products revenues of $3.6 billion declined 4% versus 2012 due to volume declines, which were mainly attributable to lower grain exports as a result of the drought conditions in the U.S. in 2012 and strong global competition.

Management's Discussion *(Continued)*

Railroad ("Burlington Northern Santa Fe") (Continued)

Revenues (and revenues per car/unit) in each period include fuel surcharges to customers under programs intended to recover incremental fuel costs when fuel prices exceed threshold fuel prices. Surcharges vary by product/commodity, and therefore amounts earned in a given period are impacted by business mix and volume as well as fuel costs. Fuel surcharges increased 3% in 2013 as compared to 2012.

Operating expenses in 2013 were approximately $15.4 billion, an increase of $522 million (3.5%) compared to 2012. Compensation and benefits expenses in 2013 increased $146 million (3.2%) in 2013 as compared to 2012, reflecting volume-related cost increases and wage inflation. In 2013, fuel expenses increased $44 million (1%) versus 2012, as the impact of higher volume was partially offset by lower average fuel prices. Purchased services expenses in 2013 increased 2% versus 2012, due primarily to volume-related costs, including purchased transportation for BNSF Logistics LLC, a wholly-owned, third-party logistics business. In 2013, equipment rents, materials and other expenses increased $204 million (13%) over 2012. The increase was primarily due to higher property taxes, crew travel costs, derailment-related costs and locomotive material expenses in 2013. Interest expense in 2013 increased $106 million (17%) compared to 2012 due to higher average outstanding debt balances.

Revenues in 2012 were approximately $20.8 billion, an increase of $1.3 billion (7%) over 2011. Overall, the revenue increase in 2012 reflected higher average revenues per car/unit of approximately 4% as well as a 2% increase in cars/units handled ("volume"). Revenues in each period include fuel surcharges to customers under programs intended to recover incremental fuel costs when fuel prices exceed threshold fuel prices. Fuel surcharges in 2012 increased 6% over 2011, and are reflected in average revenue per car/unit

The increase in overall volume during 2012 included increases in consumer products (4%) and industrial products (13%), partially offset by declines in coal (6%) and agricultural products (3%). The consumer products volume increase was primarily attributable to higher domestic intermodal and automotive volume. Industrial products volume increased primarily as a result of increased shipments of petroleum and construction products. The decline in coal unit volume in 2012 was attributed to lower coal demand as a result of low natural gas prices and high utility stockpiles. Agricultural product volume declined in 2012 compared to 2011, reflecting lower wheat and corn shipments for export partially offset by higher soybean and U.S. corn shipments.

Operating expenses in 2012 increased $588 million (4%) compared to 2011. Compensation and benefits expenses in 2012 increased $190 million (4%) over 2011 due to the increased volume as well as wage inflation, partially offset by increased productivity and lower weather-related costs. Fuel expenses in 2012 increased $192 million (4.5%) due to higher fuel prices and increased volume, partially offset by improved fuel efficiency Fuel efficiency in 2011 was negatively impacted by severe weather conditions Purchased services costs in 2012 increased $156 million (7%) compared to 2011 due primarily to increased volume, increased purchased transportation services of BNSF Logistics and increased equipment maintenance costs, partially offset by lower weather-related costs. Interest expense in 2012 increased $63 million (11%) versus 2011, due principally to higher average outstanding debt balances.

Utilities and Energy ("MidAmerican")

We hold an 89.8% ownership interest in MidAmerican Energy Holdings Company ("MidAmerican"), which operates an international energy business. MidAmerican's domestic regulated utility interests are currently comprised of four companies, PacifiCorp, MidAmerican Energy Company ("MEC"), as well as Nevada Power Company and Sierra Pacific Power Company (together, "NV Energy"). NV Energy was acquired on December 19, 2013. MidAmerican also owns two domestic regulated interstate natural gas pipeline companies. In Great Britain, MidAmerican subsidiaries operate two regulated electricity distribution businesses referred to as Northern Powergrid. The rates that our regulated businesses charge customers for energy and services are based in large part on the costs of business operations, including a return on capital, and are subject to regulatory approval. To the extent these operations are not allowed to include such costs in the approved rates, operating results will be adversely affected In addition, MidAmerican also operates a diversified portfolio of independent power projects and the second-largest residential real estate brokerage firm and franchise network in the United States.

Management's Discussion *(Continued)*

Utilities and Energy ("MidAmerican") *(Continued)*

Revenues and earnings of MidAmerican are summarized below. Revenues and earnings of NV Energy since December 19, 2013 are included in other. Amounts are in millions.

	Revenues			Earnings		
	2013	2012	2011	2013	2012	2011
PacifiCorp	$ 5,215	$ 4,950	$ 4,639	$ 982	$ 737	$ 771
MidAmerican Energy Company	3,453	3,275	3,530	230	236	279
Natural gas pipelines	971	978	993	385	383	388
Northern Powergrid	1,026	1,036	1,016	362	429	469
Real estate brokerage	1,822	1,333	1,007	139	82	39
Other	256	175	106	4	91	36
	$12,743	$11,747	$11,291			
Earnings before corporate interest and income taxes				2,102	1,958	1,982
Corporate interest				296	314	336
Income taxes and noncontrolling interests				170	172	315
Net earnings				$1,636	$ 1,472	$ 1,331
Net earnings attributable to Berkshire				$ 1,470	$ 1,323	$ 1,204

PacifiCorp operates a regulated utility business in portions of several Western states, including Utah, Oregon and Wyoming. PacifiCorp's revenues in 2013 were $5.2 billion, an increase of $265 million (5%) compared to 2012. The increase was primarily due to higher retail revenues of $337 million, partially offset by lower renewable energy credits ($74 million). The increase in retail revenues reflected higher prices approved by regulators and higher retail customer loads. PacifiCorp's earnings before corporate interest and taxes ("EBIT") in 2013 were $982 million, an increase of $245 million (33%) compared to 2012. The comparative increase in EBIT was primarily due to charges of $165 million in 2012 related to litigation, fire and other damage claims, and, to a lesser extent, the increase in revenues. Before the impact of the aforementioned claims, pre-tax earnings in 2013 as a percentage of revenues were relatively unchanged from 2012.

In 2012, PacifiCorp's revenues increased $311 million (7%) over revenues in 2011. The increase was primarily due to higher retail revenues of $244 million, which were due to higher prices approved by regulators across most of PacifiCorp's jurisdictions and to a lesser degree from increased revenues from renewable energy credits. In 2012, PacifiCorp also experienced generally higher customer load in Utah, which was offset by lower industrial customer load in Wyoming and Oregon, attributable to certain large customers electing to self-generate their own power and by lower residential customer load in Oregon as a result of unfavorable weather. EBIT in 2012 declined $34 million (4%) compared to the corresponding 2011 period. EBIT in 2012 was negatively impacted by the aforementioned litigation, fire and other claims ($165 million), which more than offset the increase in operating earnings from higher revenues and otherwise higher operating margins.

MEC operates a regulated utility business primarily in Iowa and Illinois. MEC's revenues in 2013 increased $178 million (5%) over 2012. Revenues in 2013 reflected higher regulated electric and natural gas revenues and lower nonregulated and other revenues. In 2013, regulated retail electric operating revenues increased $82 million, while regulated natural gas revenues increased $165 million compared to 2012. The increase in regulated electric revenues was primarily due to higher regulatory rates in Iowa and Illinois and increases in retail customer load. The increase in regulated natural gas revenues was primarily due to higher retail volumes and increases in recoveries through adjustment clauses as a result of a higher average per-unit cost of gas sold. Nonregulated and other operating revenues in 2013 declined $67 million in comparison with 2012 due primarily to lower electricity volumes and prices. MEC's EBIT in 2013 declined $6 million (3%) compared to 2012. The decline in EBIT was due to lower regulated and nonregulated electric operating earnings, partially offset by higher natural gas earnings.

MEC's revenues in 2012 declined $255 million (7%) compared to 2011, reflecting declines in natural gas revenues of $110 million and nonregulated and other operating revenues of $178 million. In 2012, MEC's regulated electric revenues increased 2% to approximately $1.7 billion. The decline in natural gas revenues reflected lower average per-unit cost of natural gas sold and lower volumes. The nonregulated and other operating revenues decline was due to generally lower electricity and natural gas prices. MEC's EBIT in 2012 declined $43 million (15%) compared to 2011 due primarily to increased depreciation expense of $56 million and higher general and administrative expenses, partially offset by lower interest expense.

Management's Discussion *(Continued)*

Utilities and Energy ("MidAmerican") (Continued)

In 2013, natural gas pipelines' revenues and EBIT were $971 million and $385 million, respectively, which were relatively unchanged from 2012. In 2012, natural gas pipelines' revenues and EBIT declined $15 million and $5 million, respectively, compared to 2011. In 2012, natural gas revenues increased from expansion projects and from higher transportation and storage rates in certain markets, which were more than offset by lower volumes of gas sales and the impact of contract expirations. In 2012, EBIT also reflected increased depreciation expense, partially offset by lower interest expense.

In 2013, Northern Powergrid revenues declined $10 million (1%) compared to 2012. EBIT in 2013 was $362 million, a decline of $67 million versus 2012. EBIT in 2013 was negatively impacted by fourth quarter rebates to customers and higher regulatory rate provisions in 2013, which reduced revenues, and from higher distribution operating expenses and the foreign currency translation effect of a stronger U.S. Dollar versus the U.K. Pound Sterling. Operating expenses in 2013 included increased pension costs and higher depreciation expenses. EBIT in 2013 also included a $9 million loss from the write-off of hydrocarbon well exploration costs.

Northern Powergrid's revenues in 2012 increased $20 million (2%) while EBIT declined $40 million (9%) compared to 2011. In 2012, revenues were negatively impacted by currency-related declines from a stronger U.S. Dollar. Excluding currency related impacts, distribution revenues increased $28 million in 2012, reflecting higher tariff rates ($76 million), partially offset by the impact of higher regulatory provisions in 2011 ($55 million). Northern Powergrid's EBIT in 2012 was negatively affected by increases in pension expense ($44 million) and distribution operating expenses ($21 million), which more than offset the increase in distribution revenues.

Real estate brokerage revenues in 2013 increased $489 million (37%) over 2012, while EBIT increased $57 million (70%) versus 2012. The increases in revenues and EBIT were attributable to increases in closed brokerage transactions and higher average home sales prices from existing business and the impact of businesses acquired during the last two years. Real estate brokerage revenues in 2012 increased $326 million (32%) and EBIT increased $43 million (110%) over 2011. The revenue increase included $123 million from businesses acquired in 2012. The increase in revenues in 2012 also reflected a 16% increase in closed sales transactions and higher average home sale prices from existing businesses. The increase in real estate brokerage EBIT in 2012 reflected the impact of business acquisitions in 2012 as well as the aforementioned increase in closed sales transactions.

MidAmerican's other activities primarily consist of a portfolio of independent power projects, including solar and wind-powered electricity generation projects placed in service in late 2012 and throughout 2013. In 2013, other activities also included the results of NV Energy since the December 19, 2013 acquisition date. The increase in revenues from other activities in 2013 was $81 million, which was primarily attributable to revenues from the new solar and wind-powered facilities, partially offset by the impact of one-time customer refunds issued by NV Energy and impairment losses associated with MidAmerican's interests in certain geothermal electricity generation projects. EBIT in 2013 from other activities declined $87 million compared to 2012, as the impacts of the aforementioned losses associated with geothermal projects and NV Energy acquisition costs and customer refunds, more than offset the increase in earnings from the new solar and wind-powered electricity generation projects.

Corporate interest includes interest on the unsecured debt issued by MidAmerican Energy Holding Company. Corporate interest expense in 2014 is expected to increase compared to recent years as a result of new borrowings in connection with the NV Energy acquisition, including borrowings from certain Berkshire insurance subsidiaries.

MidAmerican's consolidated income tax expense as percentages of pre-tax earnings were 7% in 2013, 9% in 2012 and 18% in 2011. In each year, MidAmerican's utility subsidiaries generated significant production tax credits. In addition, pre-tax earnings of Northern Powergrid are taxed at lower rates in the U.K. and each year also benefitted from reductions of deferred income taxes as a result of lower enacted corporate income tax rates in the U.K.

Management's Discussion *(Continued)*

Manufacturing, Service and Retailing

A summary of revenues and earnings of our manufacturing, service and retailing businesses follows. Amounts are in millions.

	Revenues			Earnings		
	2013	2012	2011	2013	2012	2011
Marmon	$ 6,979	$ 7,171	$ 6,925	$1,176	$ 1,137	$ 992
McLane Company	45,930	37,437	33,279	486	403	370
Other manufacturing	29,098	26,757	21,191	3,608	3,319	2,397
Other service	8,996	8,175	7,438	1,096	966	977
Retailing	4,288	3,715	3,573	376	306	301
	$95,291	$83,255	$ 72,406			
Pre-tax earnings				6,742	6,131	5,037
Income taxes and noncontrolling interests				2,512	2,432	1,998
				$ 4,230	$3,699	$ 3,039

Marmon

Through Marmon, we operate approximately 160 manufacturing and service businesses within eleven diverse business sectors that are further organized in three separate companies. Those companies and constituent sectors are:

Company	Sector
Marmon Engineered Industrial & Metal Components ("Engineered Components")	Electrical & Plumbing Products Distribution, Distribution Services, Industrial Products
Marmon Natural Resources & Transportation Services ("Natural Resources")	Transportation Services & Engineered Products, Engineered Wire & Cable, Crane Services
Marmon Retail & End User Technologies ("Retail Technologies")	Highway Technologies, Water Treatment, Retail Store Fixtures, Food Service Equipment, Retail Home Improvement Products

Marmon's consolidated revenues in 2013 were approximately $7.0 billion, 2.7% below 2012, with almost 60% of the decline associated with metals price deflation. Consolidated pre-tax earnings were $1.2 billion, an increase of 3.4% over 2012. Pre-tax earnings in 2013 as a percentage of revenues was 16.9% in 2013 compared with 15.9% in 2012. This margin improvement is a direct result of Marmon's focus on niche products/markets, product/service innovation and improvement in operating efficiency and productivity. The pre-tax earnings information in the paragraphs that follow, exclude unallocated corporate expenses of $30 million in 2013 and $34 million in 2012.

Engineered Components' 2013 revenues were $2.3 billion, a decline of 5% as compared to 2012. The revenue decline was primarily due to the impact of lower metals (steel and copper) costs, which are passed on to customers with minimal margin, as well as reductions in volume in Distribution Services, partially offset by increased volume in the Industrial Products sector. Engineered Components' pre-tax earnings were $204 million in 2013, representing a decline of 4% from earnings in 2012. The decline in pre-tax earnings in 2013 reflected reduced margins in the Distribution Services sector, attributable to lower sales volumes and steel price reductions. Electrical & Plumbing Products sector 2013 pre-tax earnings increased over 2012, despite lower revenues. Restructuring actions taken in 2012 and 2013 have provided the impetus for improved pre-tax earnings in this sector. Industrial Products sector pre-tax earnings increase in 2013 over 2012 was driven by higher volumes and improved product mix.

Natural Resources' revenues were $2.5 billion in 2013, a decline of 3% compared to 2012. The decrease in revenues was attributable to several non-recurring large prior year projects in the Transportation Services & Engineered Products ("TSEP") and Engineered Wire and Cable sectors and lower revenues from external tank car sales, partially offset by higher rail leasing revenues attributable to higher lease rates and new tank car fleet additions. Natural Resources' pre-tax earnings were $718 million in 2013, an increase of 3% over 2012. Earnings in 2013 reflected higher rail leasing rates and new tank car fleet

Management's Discussion *(Continued)*

Manufacturing, Service and Retailing (Continued)

Marmon (Continued)

additions which more than offset the prior year higher project revenues, higher railcar repair costs and lower sales volume of external tank cars.

Retail Technologies' revenues were $2.2 billion in 2013, unchanged from 2012. Revenues increased in 2013 in Highway Technologies' driven by growth in the automotive clutch and heavy duty truck axle businesses, Retail Store Fixtures, as a result of a significant store fixture display product rollout for a key customer and Water Treatment, driven by growth in residential products. These revenue increases were offset by a revenue decrease at Retail Home Improvement Products due to a planned reduction in revenues from lower margin products. Retail Technologies' pre-tax earnings in 2013 were $284 million which represented an increase of 8% over 2012. The pre-tax earnings increases were primarily due to revenue growth in the Highway Technologies, Retail Store Fixtures and Water Treatment sectors, as well as cost savings related to 2012 restructuring actions taken in the Retail Store Fixtures sector.

Marmon's consolidated revenues in 2012 were $7.2 billion, an increase of 3.6% over 2011. Consolidated pre-tax earnings were $1.1 billion in 2012, an increase of 14.6% over 2011. In 2012 pre-tax earnings as a percentage of revenues were 15.9% compared to 14.3% in 2011.

Engineered Components' 2012 revenues were $2.4 billion, a decline of 2% as compared to 2011. The revenue decline was primarily due to lower volume and copper pricing in the Electrical & Plumbing Products sector driven by lower HVAC demand and continued softness in commercial construction in 2012, offset in part by a 2012 bolt-on acquisition and increased market share in certain market niches in the Distribution Services sector. Engineered Components' pre-tax earnings were $214 million, an increase of 3% from 2011. The increase in pre-tax earnings in 2012 reflected the growth in market share and higher margins in the Distribution Services sector, partially offset by the revenue declines in the Electrical & Plumbing Products sector.

Natural Resources' revenues were $2.6 billion in 2012, an increase of 10% compared to 2011. The increase in revenues was attributable to bolt-on acquisitions in the Crane Services and Engineered Wire & Cable sectors in 2012 and growth in the TSEP sector. Higher rail fleet utilization and higher lease rates, offset in part by lower external tank car sales provided most of TSEP's growth, with sulfur equipment installations in the Middle East providing the balance. Natural Resources' pre-tax earnings were $695 million in 2012, an increase of 23% from earnings in 2011. Earnings in 2012 reflected the impact of the aforementioned bolt-on acquisitions, higher rail fleet utilization and lease rates and Middle East projects, as well cost savings relating to restructuring actions taken in 2011 in the Engineered Wire & Cable sector.

Retail Technologies' revenues were $2.2 billion in 2012, an increase of 3% compared to 2011. The 2012 revenue increase is due to the full year impact of a bolt-on acquisition made in December 2011 and growth in Highway Technologies commercial and heavy haul trailer products along with increased growth in projects for the Canadian Tar Sands area in the Water Treatment sector. These increases were partially offset by a decline in the Retail Store Fixtures sector due to reduced volume from its major customer, which resulted in a 14% decline in revenues. Retail Technologies' pre-tax 2012 earnings were $262 million which represented an increase of 3% over 2011. The pre-tax earnings increase was primarily due to revenue growth in the Highway Technologies and Water Treatment sectors offset in part by the decline in the Retail Store Fixtures sector previously discussed.

McLane Company

Through McLane, we operate a wholesale distribution business that provides grocery and non-food products to retailers, convenience stores and restaurants. Through its subsidiaries, McLane also operates as a wholesale distributor of distilled spirits, wine and beer. On August 24, 2012, McLane acquired Meadowbrook Meat Company, Inc. ("MBM"). MBM, based in Rocky Mount, North Carolina, is a large customized foodservice distributor for national restaurant chains with annual revenues of approximately $6 billion. MBM's revenues and earnings are included in McLane's results beginning as of the acquisition date. McLane's grocery and foodservice businesses are marked by high sales volume and very low profit margins. McLane's significant customers include Wal-Mart, 7-Eleven and Yum! Brands. Approximately 25% of McLane's consolidated revenues in 2013 were attributable to Wal-Mart. A curtailment of purchasing by Wal-Mart or another of its significant customers could have a material adverse impact on McLane's periodic revenues and earnings.

Management's Discussion *(Continued)*

Manufacturing, Service and Retailing *(Continued)*

McLane Company (Continued)

McLane's revenues in 2013 were approximately $45.9 billion, representing an increase of approximately $8.5 billion (22.7%) over revenues in 2012. The increase in revenues in 2013 reflected the impact of MBM, as well as year-to-date revenue increases ranging from 10% to 15% in the grocery, other foodservice and beverage businesses. Revenues of each of these businesses in 2013 included the impact of new customers added over the past two years. McLane's pre-tax earnings in 2013 increased $83 million (20.6%) over earnings in 2012. The increase in 2013 pre-tax earnings reflected the increases in revenues, including the impact of the MBM acquisition, and a gain from the sale of its Brazil-based logistics business, partially offset by slightly lower operating margins.

McLane's revenues were approximately $37.4 billion in 2012, an increase of about $4.2 billion (12.5%) over 2011. The increase in revenues was attributable to the MBM acquisition, as well as 6% to 8% revenue increases in McLane's grocery, foodservice and beverage business units. The increases in grocery and foodservice revenues reflected manufacturer price increases as well as increased volume. Pre-tax earnings in 2012 were $403 million, an increase of $33 million (9%) over 2011. The overall increase in earnings reflected the increases in revenues as pre-tax margin rates were relatively unchanged.

Other manufacturing

Our other manufacturing businesses include several manufacturers of building products (Acme Building Brands, Benjamin Moore, Johns Manville, Shaw and MiTek) and apparel (led by Fruit of the Loom which includes Russell athletic apparel and Vanity Fair Brands women's intimate apparel). Also included in this group are Lubrizol Corporation ("Lubrizol"), a specialty chemical manufacturer that we acquired on September 16, 2011, IMC International Metalworking Companies ("Iscar"), an industry leader in the metal cutting tools business with operations worldwide, Forest River, a leading manufacturer of leisure vehicles and CTB, a manufacturer of equipment and systems for the livestock and agricultural industries.

Other manufacturing revenues in 2013 increased $2.3 billion (8.7%) to $29.1 billion. Forest River generated revenues of $3.3 billion in 2013, a 24% increase over 2012. The increase reflected a 17% volume increase and higher average sales prices, attributable to price and product mix changes. Revenues in 2013 from our building products businesses increased 8% to about $9.6 billion. These businesses benefitted from the generally improved residential and commercial construction markets. Apparel revenues in 2013 increased 3.5% to about $4.3 billion. Our other businesses in this group produced revenues in 2013 of $11.9 billion in the aggregate, an increase of about 8% over 2012. Most of the increase in revenues of these other businesses was attributable to bolt-on acquisitions during the last two years.

Pre-tax earnings of our other manufacturing businesses in 2013 were $3.6 billion, an increase of $289 million (8.7%) versus 2012. Increased earnings were generated by Forest River (32%), building products businesses (13%) and apparel businesses (25%) compared to 2012. Pre-tax earnings of Iscar and Lubrizol were roughly unchanged from 2012. In addition, bolt-on acquisitions during the last two years contributed to the overall increased earnings.

Revenues of our other manufacturing businesses in 2012 were approximately $26.8 billion, an increase of approximately $5.6 billion (26%) over 2011. Excluding Lubrizol, revenues in 2012 grew 6% over 2011. Revenues of Forest River increased 27%, which was attributable to increased volume and average sales prices. Revenues from building products and apparel businesses increased 4% and 5%, respectively, as compared with 2011. However, revenues of Iscar and CTB (before the impact of bolt-on acquisitions) declined compared to 2011 as a result of weakness in demand, particularly in non-U.S. markets.

Pre-tax earnings of our other manufacturing businesses were approximately $3.3 billion in 2012, an increase of $922 million (38%) over earnings in 2011. Excluding the impact of Lubrizol, earnings of our other manufacturing businesses in 2012 increased 6% compared to 2011. The increase was primarily attributable to increased earnings from building products, apparel and Forest River, partially offset by lower earnings from Iscar, CTB and Scott Fetzer. In 2012, our Shaw carpet and flooring business benefited from the impact of price increases at the end of 2011 and the beginning of 2012, as well as from relatively stable raw material costs, which resulted in higher margins. Our apparel businesses benefitted from past pricing actions and stabilizing raw material costs. On the other hand, our other businesses that manufacture products that are primarily for commercial and industrial customers, particularly those with significant business in overseas markets, such as CTB and Iscar, were negatively impacted in 2012 by slowing economic conditions in certain of those markets.

Management's Discussion *(Continued)*

Manufacturing, Service and Retailing (Continued)

Other service

Our other service businesses include NetJets, the world's leading provider of fractional ownership programs for general aviation aircraft and FlightSafety, a provider of high technology training to operators of aircraft. Among the other businesses included in this group are: TTI, a leading electronic components distributor; Business Wire, a leading distributor of corporate news, multimedia and regulatory filings; Dairy Queen, which licenses and services a system of over 6,300 stores that offer prepared dairy treats and food; the Buffalo News; the BH Media Group ("BH Media"), which includes the Omaha World-Herald, as well as 29 other daily newspapers and numerous other publications; and businesses that provide management and other services to insurance companies.

Revenues of our other service businesses in 2013 were $9.0 billion, an increase of $821 million (10%) over revenues in 2012. In 2013, revenues of NetJets increased $288 million (7.5%), driven by higher sales of fractional aircraft shares, while TTI's revenues increased $255 million (11%) over 2012. Revenues of BH Media increased $207 million (66%), attributable to the impact of business acquisitions during the last two years. Pre-tax earnings of $1.1 billion in 2013 increased $130 million (13%) compared to 2012. The increase in earnings was primarily attributable to BH Media, FlightSafety, TTI and NetJets. The earnings increase of BH Media was due to bolt-on acquisitions during the last two years. TTI's earnings increased 10% in 2013 versus 2012, due to higher sales and changes in product mix. TTI continues to be impacted by price competition, which pressures overall gross sales margins. FlightSafety's earnings increased 11% in 2013, reflecting increased training revenues and relatively unchanged operating expenses. In 2013, NetJets' earnings increased 7% as improved flight operations margins, fractional sales margins and reduced net financing costs more than offset the increase in comparative aircraft value impairment charges.

Revenues of our other service businesses in 2012 were approximately $8.2 billion, an increase of $737 million (10%) over 2011. The increase in revenues in 2012 was primarily attributable to the inclusion of the BH Media Group and a comparative revenue increase from TTI, principally due to its bolt-on business acquisitions in 2012. Pre-tax earnings of $966 million in 2012 declined $11 million (1%) from earnings in 2011. Earnings of NetJets and FlightSafety in 2012 were relatively unchanged from 2011. Earnings of other service businesses in 2012 included earnings of the BH Media Group, which were more than offset by lower earnings from TTI due primarily to weaker customer demand and intensifying price competition over the past year.

Retailing

Our retailing operations consist of four home furnishings businesses (Nebraska Furniture Mart, R.C. Willey, Star Furniture and Jordan's), three jewelry businesses (Borsheims, Helzberg and Ben Bridge), See's Candies; Pampered Chef, a direct seller of high quality kitchen tools; and Oriental Trading Company ("OTC"), a direct retailer of party supplies, school supplies and toys and novelties, which we acquired on November 27, 2012.

Revenues of our retailing businesses in 2013 were $4.3 billion, an increase of $573 million (15%) over 2012. Pre-tax earnings in 2013 of these businesses increased $70 million (23%) as compared to earnings in 2012. The comparative increases in revenues and earnings were primarily attributable to the inclusion of OTC for the full year in 2013. Otherwise, earnings of the home furnishings and jewelry retail groups increased in 2013, while earnings of Pampered Chef and See's Candies declined.

Revenues and pre-tax earnings in 2012 from the retailing businesses increased $142 million (4%) and $5 million (2%), respectively, over revenues and earnings in 2011. Increased revenues from the home furnishings and jewelry businesses as well as the inclusion of OTC from its acquisition date were partially offset by lower revenues from Pampered Chef. Increased earnings of our home furnishings retailers were substantially offset by lower earnings from our jewelry businesses and Pampered Chef.

Management's Discussion *(Continued)*

Finance and Financial Products

Our finance and financial products businesses include manufactured housing and finance (Clayton Homes), transportation equipment leasing (XTRA), furniture leasing (CORT) as well as various miscellaneous financing activities. A summary of revenues and earnings from our finance and financial products businesses follows. Amounts are in millions.

	Revenues			Earnings		
	2013	2012	2011	2013	2012	2011
Manufactured housing and finance	$3,199	$3,014	$2,932	$416	$255	$154
Furniture/transportation equipment leasing	772	753	739	165	148	155
Other	320	343	343	404	445	465
	$4,291	$4,110	$4,014			
Pre-tax earnings				985	848	774
Income taxes and noncontrolling interests				328	291	258
				$657	$557	$516

Clayton Homes' revenues and pre-tax earnings in 2013 increased $185 million (6%) and $161 million (63%), respectively, compared to 2012. In 2013, Clayton Homes' pre-tax earnings benefitted from increased home sales, lower loan loss provisions and an increase in net interest income, as lower interest expense more than offset reductions in interest income on loan portfolios. Home unit sales increased 9% in 2013. Loan loss provisions in 2013 were lower reflecting comparatively lower foreclosures volume and loss rates. Clayton Homes' manufactured housing business continues to operate at a competitive disadvantage compared to traditional single family housing markets, which receive significant interest rate subsidies from the U.S. Government through government agency insured mortgages. For the most part, these subsidies are not available to factory built homes. Nevertheless, Clayton Homes remains the largest manufactured housing business in the United States and we believe that it will continue to operate profitably, even under the prevailing conditions.

Clayton Homes' pre-tax earnings in 2012 increased $101 million (66%) over earnings in 2011. Earnings in 2012 were impacted by the increased unit sales, which improved manufacturing and other operating efficiencies. Earnings also benefited from reduced insurance claims and a decline in credit losses. The decline in interest income on loan portfolios was more than offset by interest expense attributable to a decline in borrowings and lower interest rates.

Pre-tax earnings of CORT and XTRA in 2013 increased $17 million (11%) to $165 million, as compared to 2012. The increase reflected increased lease revenues and earnings of XTRA, which benefitted from increases in working units and average rental rates, relatively stable operating expenses and a foreign currency related gain in 2013.

Pre-tax earnings of CORT and XTRA in 2012 were $148 million, a decline of $7 million (5%) versus 2011. In 2012, CORT's earnings increased over 2011 due to a 5% increase in rental income and relatively stable selling, general and administrative expenses, which improved operating margins. In 2012, earnings from XTRA declined primarily due to increased depreciation expense and lower foreign currency exchange gains.

Other earnings include interest and dividends from a portfolio of fixed maturity and equity investments and our share of the earnings of a commercial mortgage servicing business in which we own a 50% interest. Other earnings previously included interest income from a relatively small number of long-held commercial real estate loans. These loans were repaid in full during the third and fourth quarters of 2012. In addition, other earnings includes income from interest rate spreads charged to Clayton Homes on borrowings by a Berkshire financing subsidiary that are used to fund loans to Clayton Homes and from guaranty fees charged to NetJets. Corresponding expenses are included in Clayton Homes' and NetJets' results. Guaranty fees charged to NetJets were $11 million in 2013, $30 million in 2012 and $41 million in 2011 and interest spreads charged to Clayton Homes were $78 million in 2013, $90 million in 2012 and $100 million in 2011.

Management's Discussion *(Continued)*

Investment and Derivative Gains/Losses

A summary of investment and derivative gains and losses and other-than-temporary impairment losses on investments follows. Amounts are in millions.

	2013	2012	2011
Investment gains/losses:			
Sales and other disposals			
Insurance and other	$ 2,830	$ 1,288	$ 1,991
Finance and financial products	5	2	162
Other-than-temporary impairment losses	(228)	(337)	(908)
Other	1,458	509	29
	4,065	1,462	1,274
Derivative gains/losses:			
Equity index put option contracts	2,843	997	(1,787)
Credit default contracts	(213)	894	(251)
Other derivative contracts	(22)	72	(66)
	2,608	1,963	(2,104)
Gains/losses before income taxes and noncontrolling interests	6,673	3,425	(830)
Income taxes and noncontrolling interests	2,336	1,198	(309)
Net gains/losses	$ 4,337	$ 2,227	$ (521)

Investment gains/losses arise primarily from the sale or redemption of investments or when investments are carried at fair value with the periodic changes in fair values recorded in earnings. The timing of gains or losses from sales or redemptions can have a material effect on periodic earnings. Investment gains and losses usually have minimal impact on the periodic changes in our consolidated shareholders' equity since most of our investments are recorded at fair value with the unrealized gains and losses included in shareholders' equity as a component of accumulated other comprehensive income.

We believe the amount of investment gains/losses included in earnings in any given period typically has little analytical or predictive value. Our decisions to sell securities are not motivated by the impact that the resulting gains or losses will have on our reported earnings. Although our management does not consider investment gains and losses in a given period as necessarily meaningful or useful in evaluating periodic earnings, we are providing information to explain the nature of such gains and losses when they are reflected in earnings.

Pre-tax investment gains/losses in 2013 were $4,065 million. Investment gains in 2013 included approximately $2.1 billion related to our investments in General Electric and Goldman Sachs common stock warrants and Wrigley subordinated notes. Beginning in 2013, the unrealized gains or losses associated with the warrants were included in earnings. These warrants were exercised in October 2013 on a cashless basis in exchange for shares of General Electric and Goldman Sachs common stock with an aggregate value of approximately $2.4 billion. The Wrigley subordinated notes were repurchased for cash of $5.08 billion, resulting in a pre-tax investment gain of $680 million. Pre-tax investment gains were approximately $1.5 billion in 2012 and were primarily attributable to sales of equity securities. Investment gains in 2011 included aggregate pre-tax gains of $1.8 billion from the redemptions of our Goldman Sachs and General Electric preferred stock investments.

In each of the three years ending December 31, 2013, we recognized OTTI losses on certain of our equity and fixed maturity investments. OTTI losses on fixed maturity investments were $228 million in 2013, $337 million in 2012 and $402 million in 2011, and substantially all of the losses related to our investments in Texas Competitive Electric Holdings ("TCEH") bonds. In 2011, we also recognized aggregate OTTI losses of $506 million related to our investments in equity securities, a portion of which related to certain components of our Wells Fargo common stock investments. The OTTI losses on equity securities in 2011 averaged about 7.5% of the original cost of the impaired securities. In each case, the issuer had been profitable in recent periods and in some cases highly profitable.

Although we have periodically recorded OTTI losses in earnings in each of the past three years, we continue to own certain of these securities. In cases where the market values of these investments have increased since the dates the OTTI losses were recorded in earnings, these increases are not reflected in earnings but are instead included in shareholders' equity as a

Management's Discussion *(Continued)*

Investment and Derivative Gains/Losses *(Continued)*

component of accumulated other comprehensive income. When recorded, OTTI losses have no impact whatsoever on the asset values otherwise recorded in our Consolidated Balance Sheets or on our consolidated shareholders' equity. In addition, the recognition of such losses in earnings rather than in accumulated other comprehensive income does not necessarily indicate that sales are imminent or planned and sales ultimately may not occur for a number of years. Furthermore, the recognition of OTTI losses does not necessarily indicate that the loss in value of the security is permanent or that the market price of the security will not subsequently increase to and ultimately exceed our original cost.

As of December 31, 2013, consolidated gross unrealized losses on our investments in equity and fixed maturity securities determined on an individual purchase lot basis were $289 million. We have concluded that as of December 31, 2013, such losses were not other than temporary. We consider several factors in determining whether or not impairments are deemed to be other than temporary, including the current and expected long-term business prospects and if applicable, the creditworthiness of the issuer, our ability and intent to hold the investment until the price recovers and the length of time and relative magnitude of the price decline.

Derivative gains/losses primarily represent the changes in fair value of our credit default and equity index put option contracts. Periodic changes in the fair values of these contracts are reflected in earnings and can be significant, reflecting the volatility of underlying credit and equity markets.

In 2013, our equity index put option contracts generated a pre-tax gain of $2.8 billion, which was due to changes in fair values of the contracts as a result of overall higher equity index values, favorable currency movements and modestly higher interest rate assumptions. Our ultimate payment obligations, if any, under our remaining equity index put option contracts will be determined as of the contract expiration dates, which begin in 2018, and will be based on the intrinsic value as defined under the contracts as of those dates. As of December 31, 2013, the intrinsic value of these contracts was approximately $1.7 billion and our recorded liability at fair value was approximately $4.7 billion.

In 2012, we recorded pre-tax gains from our equity index put option contracts of approximately $1.0 billion. These gains were due to increased index values, foreign currency exchange rate changes and valuation adjustments on a small number of contracts where contractual settlements are determined differently than the standard determination of intrinsic value, partially offset by lower interest rate assumptions. In 2011, we recorded pre-tax losses of approximately $1.8 billion on our equity index put option contracts. The losses reflected declines ranging from about 5.5% to 17% with respect to three of the four equity indexes covered under our contracts and lower interest rate assumptions.

Our credit default contracts generated pre-tax losses of $213 million in 2013, which was due to increases in estimated liabilities of a municipality issuer contract that relates to more than 500 municipal debt issues. Our credit default contract exposures associated with corporate issuers expired in December 2013. There were no losses paid in 2013. Our remaining credit default derivative contract exposures are currently limited to the municipality issuer contract.

In 2012, we recognized pre-tax gains of $894 million on credit default contracts. Such gains were attributable to narrower spreads and reduced time exposure, as well as from settlements related to the termination of certain contracts. We recorded pre-tax losses of $251 million on our credit default contracts in 2011. The losses in 2011 were primarily related to our contracts involving non-investment grade corporate issuers due to widening credit default spreads and loss events. In 2012 and 2011, credit loss payments were $68 million and $86 million, respectively.

Financial Condition

Our balance sheet continues to reflect significant liquidity and a strong capital base. Our consolidated shareholders' equity at December 31, 2013 was $221.9 billion, an increase of $34.24 billion since the beginning of the year. Our consolidated shareholders' equity at December 31, 2013 is net of a reduction of approximately $1.8 billion as a result of acquisitions of noncontrolling interests as discussed below and in Note 22 to the accompanying Consolidated Financial Statements.

Consolidated cash and investments of our insurance and other businesses approximated $199.2 billion (excludes our investments in H J. Heinz Holding Corporation) at December 31, 2013, including cash and cash equivalents of $42.6 billion. As of December 31, 2013, our insurance subsidiaries held approximately $186.8 billion in cash and investments.

Management's Discussion *(Continued)*

Financial Condition *(Continued)*

In 2013, we used cash of approximately $15 billion in the aggregate to fund Berkshire's investments in H.J. Heinz Holding Corporation ("Heinz Holding") and to acquire certain noncontrolling interests in our subsidiaries. On June 7, 2013, we invested $12.25 billion in Heinz Holding which acquired H.J. Heinz Company. Our investments in Heinz Holding consist of common stock, common stock warrants and preferred stock. Berkshire currently holds 50% of the voting interests in Heinz Holding. During 2013, Berkshire acquired noncontrolling interests of Marmon and International Metalworking Companies B.V., the parent company of Iscar. Cash paid in 2013 in connection with these acquisitions was approximately $2.9 billion and an additional $1.2 billion is payable in March 2014.

On October 1, 2013, we received cash of approximately $5.1 billion in connection with Mars/Wrigley's repurchase of our investment in Wrigley subordinated notes. In January 2013, Berkshire issued $2.6 billion of parent company senior unsecured notes with maturities ranging from 2016 to 2043. The proceeds were used to fund the repayment of $2.6 billion of notes that matured in February 2013. On January 1, 2014, Marmon completed its acquisition of the beverage dispensing and merchandising operations of British engineering company IMI plc for approximately $1.1 billion. The acquisition was funded with existing cash balances.

Berkshire's Board of Directors has authorized Berkshire to repurchase its Class A and Class B common shares at prices no higher than a 20% premium over the book value of the shares. Berkshire may repurchase shares at management's discretion. The repurchase program is expected to continue indefinitely, but does not obligate Berkshire to repurchase any dollar amount or number of Class A or Class B common shares. Repurchases will not be made if they would reduce Berkshire's consolidated cash and cash equivalent holdings below $20 billion. Financial strength and redundant liquidity will always be of paramount importance at Berkshire. There were no share repurchases during 2013. In December 2012, Berkshire acquired 9,475 Class A shares and 606,499 Class B shares for approximately $1.3 billion.

On December 19, 2013, MidAmerican completed its acquisition of NV Energy, Inc. ("NV Energy"), an energy holding company serving electric and natural gas customers in Nevada. MidAmerican purchased all outstanding shares of NV Energy's common stock for cash of approximately $5.6 billion. The acquisition was funded through a combination of cash provided by MidAmerican's shareholders of $3.6 billion (including approximately $3.5 billion provided by Berkshire) and the issuance by MidAmerican of $2.0 billion of senior unsecured debt.

Our railroad, utilities and energy businesses (conducted by BNSF and MidAmerican) maintain very large investments in capital assets (property, plant and equipment) and will regularly make capital expenditures in the normal course of business. In 2013, aggregate capital expenditures of these businesses were $8.2 billion, including $4.3 billion by MidAmerican and $3.9 billion by BNSF. BNSF and MidAmerican have forecasted aggregate capital expenditures in 2014 of approximately $11.1 billion. Future capital expenditures are expected to be funded by cash flows from operations and debt issuances. In 2013, BNSF issued $3.0 billion in new debentures consisting of $1.5 billion of debentures due in 2023 and $1.5 billion of debentures due in 2043. BNSF's outstanding debt was approximately $17.0 billion as of December 31, 2013. In 2013, MidAmerican and its subsidiaries issued new term debt of approximately $4.5 billion, including the new senior unsecured debt issued in funding the NV Energy acquisition, and repaid borrowings of approximately $2.0 billion. MidAmerican's aggregate outstanding borrowings as of December 31, 2013 were approximately $29.6 billion which includes approximately $5.3 billion of NV Energy's debt. BNSF and MidAmerican have aggregate debt and capital lease maturities in 2014 of $2.1 billion. Berkshire's commitment to provide up to $2 billion of additional capital to MidAmerican to permit the repayment of its debt obligations or to fund its regulated utility subsidiaries expired on February 28, 2014 and has not been renewed. Berkshire does not guarantee the repayment of debt issued by BNSF, MidAmerican or any of their subsidiaries.

Assets of the finance and financial products businesses, which consisted primarily of loans and finance receivables, cash and cash equivalents and fixed maturity and equity investments, were approximately $26.2 billion and $25.4 billion as of December 31, 2013 and December 31, 2012, respectively. Liabilities were $19.0 billion as of December 31, 2013 and $22.1 billion as of December 31, 2012. As of December 31, 2013, notes payable and other borrowings of finance and financial products businesses were $12.7 billion and included approximately $11.2 billion of notes issued by Berkshire Hathaway Finance Corporation ("BHFC"). During 2013, BHFC issued $3.45 billion aggregate of new senior notes and repaid $3.45 billion of maturing senior notes. In January 2014, an additional $750 million of BHFC debt matured and was refinanced with a corresponding amount of new debt. We currently intend to issue additional new debt through BHFC to replace some or all of its upcoming debt maturities. The proceeds from the BHFC notes are used to finance originated loans and acquired loans of Clayton Homes. The full and timely payment of principal and interest on the BHFC notes is guaranteed by Berkshire.

Management's Discussion *(Continued)*

Financial Condition *(Continued)*

As described in Note 12 to the Consolidated Financial Statements, we are party to equity index put option and credit default contracts. With limited exception, these contracts contain no collateral posting requirements under any circumstances, including changes in either the fair value or intrinsic value of the contracts or a downgrade in Berkshire's credit ratings. At December 31, 2013, the net liabilities recorded for such contracts were approximately $5.3 billion and we had no collateral posting requirements.

We regularly access the credit markets, particularly through our railroad, utilities and energy and finance and financial products businesses. Restricted access to credit markets at affordable rates in the future could have a significant negative impact on our operations.

In 2010, the Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Reform Act") was signed into law. The Reform Act reshapes financial regulations in the United States by creating new regulators, regulating new markets and market participants and providing new enforcement powers to regulators. Virtually all major areas of the Reform Act have been subject to extensive rulemaking proceedings being conducted both jointly and independently by multiple regulatory agencies, some of which have been completed and others that are expected to be finalized during the next several months. Although the Reform Act may adversely affect some of our business activities, it is not currently expected to have a material impact on our consolidated financial results or financial condition.

Contractual Obligations

We are party to contracts associated with ongoing business and financing activities, which will result in cash payments to counterparties in future periods Certain obligations reflected in our Consolidated Balance Sheets, such as notes payable, require future payments on contractually specified dates and in fixed and determinable amounts. Other obligations pertain to the acquisition of goods or services in the future, such as minimum rentals under operating leases, that are not currently reflected in the financial statements. Such obligations will be reflected in future periods as the goods are delivered or services provided Amounts due as of the balance sheet date for purchases where the goods and services have been received and a liability incurred are not included in the following table to the extent that such amounts are due within one year of the balance sheet date.

The timing and/or amount of the payments under certain contracts are contingent upon the outcome of future events. Actual payments will likely vary, perhaps significantly, from estimates reflected in the table that follows. Most significantly, the timing and amount of payments arising under property and casualty insurance contracts are contingent upon the outcome of claim settlement activities or events that may occur over many years. In addition, obligations arising under life, annuity and health insurance benefits are estimated based on assumptions as to future premiums, allowances, mortality, morbidity, expenses and policy lapse rates, as applicable. The amounts presented in the following table are based on the liability estimates reflected in our Consolidated Balance Sheet as of December 31, 2013. Although certain insurance losses and loss adjustment expenses and life, annuity and health benefits are ceded to others under reinsurance contracts, receivables recorded in the Consolidated Balance Sheet are not reflected in the table below. A summary of contractual obligations as of December 31, 2013 follows. Amounts are in millions.

	Estimated payments due by period				
	Total	2014	2015-2016	2017-2018	After 2018
Notes payable and other borrowings [1]	$113,862	$ 8,789	$14,521	$17,510	$ 73,042
Operating leases	8,614	1,245	2,062	1,512	3,795
Purchase obligations	50,297	15,496	10,541	7,295	16,965
Losses and loss adjustment expenses [2]	66,732	14,412	14,914	8,434	28,972
Life, annuity and health insurance benefits [3]	21,390	1,436	78	179	19,697
Other [4]	20,768	5,304	1,496	1,190	12,778
Total	$281,663	$46,682	$43,612	$36,120	$155,249

[1] *Includes interest*

[2] *Before reserve discounts of $1,866 million.*

[3] *Amounts represent estimated undiscounted benefit obligations net of estimated future premiums, as applicable.*

[4] *Includes derivative contract liabilities.*

Management's Discussion *(Continued)*

Critical Accounting Policies

Certain accounting policies require us to make estimates and judgments that affect the amounts reflected in the Consolidated Financial Statements. Such estimates are necessarily based on assumptions about numerous factors involving varying, and possibly significant, degrees of judgment and uncertainty. Accordingly, certain amounts currently recorded in the financial statements, with the benefit of hindsight, will likely be adjusted in the future based on additional information made available and changes in other facts and circumstances.

Property and casualty losses

A summary of our consolidated liabilities for unpaid property and casualty losses is presented in the table below. Except for certain workers' compensation liabilities, all liabilities for unpaid property and casualty losses (referred to in this section as "gross unpaid losses") are reflected in the Consolidated Balance Sheets without discounting for time value, regardless of the length of the claim-tail. Amounts are in millions.

	Gross unpaid losses		Net unpaid losses *	
	Dec. 31, 2013	Dec. 31, 2012	Dec. 31, 2013	Dec. 31, 2012
GEICO	$ 11,342	$ 10,300	$ 10,644	$ 9,791
General Re	15,668	15,961	14,664	14,740
BHRG	30,446	31,186	25,314	26,328
Berkshire Hathaway Primary Group	7,410	6,713	6,737	6,171
Total	$ 64,866	$ 64,160	$ 57,359	$ 57,030

* *Net of reinsurance recoverable and deferred charges on reinsurance assumed and before foreign currency translation effects.*

We record liabilities for unpaid losses and loss adjustment expenses under property and casualty insurance and reinsurance contracts based upon estimates of the ultimate amounts payable under the contracts with respect to losses occurring on or before the balance sheet date. The timing and amount of loss payments is subject to a great degree of variability and is contingent upon, among other things, the timing of claim reporting from insureds and cedants and the determination of the ultimate loss amount through the loss adjustment process. A variety of techniques are used in establishing the liabilities for unpaid losses. Regardless of the techniques used, significant judgments and assumptions are necessary in projecting the ultimate amounts payable in the future. As a result, uncertainties are imbedded in and permeate the actuarial loss reserving techniques and processes used.

As of any balance sheet date, not all claims that have occurred have been reported and not all reported claims have been settled. Loss and loss adjustment expense reserves include provisions for reported claims (referred to as "case reserves") and for claims that have not been reported (referred to as incurred but not yet reported ("IBNR") reserves). The time period between the loss occurrence date and settlement payment date is referred to as the "claim-tail." Property claims usually have fairly short claim-tails and, absent litigation, are reported and settled within a few years of occurrence. Casualty losses usually have very long claim-tails, occasionally extending for decades. Casualty claims are more susceptible to litigation and can be significantly affected by changing contract interpretations. The legal environment and judicial process further contributes to extending claim-tails.

Receivables are recorded with respect to losses ceded to other reinsurers and are estimated in a manner similar to liabilities for insurance losses. In addition, reinsurance receivables may ultimately prove to be uncollectible if the reinsurer is unable to perform under the contract. Reinsurance contracts do not relieve the ceding company of its obligations to indemnify its own policyholders.

We utilize processes and techniques to establish liability estimates that are believed to best fit the particular business. Additional information regarding those processes and techniques of our significant insurance businesses (GEICO, General Re and BHRG) follows.

GEICO

GEICO's gross unpaid losses and loss adjustment expense liabilities as of December 31, 2013 were $11.3 billion, which included $8.0 billion of reported average, case and case development reserves and $3 3 billion of IBNR reserves. GEICO predominantly writes private passenger auto insurance. Auto insurance claims generally have a relatively short claim-tail. The

Management's Discussion *(Continued)*

Property and casualty losses *(Continued)*

GEICO (Continued)

key assumptions affecting our reserve estimates include projections of ultimate claim counts ("frequency") and average loss per claim ("severity").

Our reserving methodologies produce reserve estimates based upon the individual claims (or a "ground-up" approach), which yields an aggregate estimate of the ultimate losses and loss adjustment expenses. Ranges of loss estimates are not determined in the aggregate.

Our actuaries establish and evaluate unpaid loss reserves using recognized standard actuarial loss development methods and techniques. The significant reserve components (and percentage of gross reserves as of December 31, 2013) are: (1) average reserves (15%), (2) case and case development reserves (60%) and (3) IBNR reserves (25%). Each component of loss reserves is affected by the expected frequency and average severity of claims. Reserves are analyzed using statistical techniques on historical claims data and adjusted when appropriate to reflect perceived changes in loss patterns. Data is analyzed by policy coverage, rated state, reporting date and occurrence date, among other ways. A brief discussion of each reserve component follows.

We establish average reserve amounts for reported auto damage claims and new liability claims prior to the development of an individual case reserve. The average reserves are intended to represent a reasonable estimate for incurred claims for claims when adjusters have insufficient time and information to make specific claim estimates and for a large number of minor physical damage claims that are paid within a relatively short time after being reported. Average reserve amounts are driven by the estimated average severity per claim and the number of new claims opened.

Our claims adjusters generally establish individual liability claim case loss and loss adjustment expense reserve estimates as soon as the specific facts and merits of each claim can be evaluated. Case reserves represent the amounts that in the judgment of the adjusters are reasonably expected to be paid in the future to completely settle the claim, including expenses. Individual case reserves are revised over time as more information becomes known.

For most liability coverages, case reserves alone are an insufficient measure of the ultimate cost due in part to the longer claim-tail, the greater chance of protracted litigation and the incompleteness of facts available at the time the case reserve is established. Therefore, we establish additional case development reserve estimates, which are usually percentages of the case reserve. As of December 31, 2013, case development reserves averaged approximately 25% of total established case reserves. In general, case development factors are selected by a retrospective analysis of the overall adequacy of historical case reserves. Case development factors are reviewed and revised periodically.

For unreported claims, IBNR reserve estimates are calculated by first projecting the ultimate number of claims expected (reported and unreported) for each significant coverage by using historical quarterly and monthly claim counts to develop age-to-age projections of the ultimate counts by accident quarter. Reported claims are subtracted from the ultimate claim projections to produce an estimate of the number of unreported claims. The number of unreported claims is multiplied by an estimate of the average cost per unreported claim to produce the IBNR reserve amount. Actuarial techniques are difficult to apply reliably in certain situations, such as to new legal precedents, class action suits or recent catastrophes. Consequently, supplemental IBNR reserves for these types of events may be established through the collaborative effort of actuarial, claims and other management personnel.

For each significant coverage, we test the adequacy of the total loss reserves using one or more actuarial projections based on claim closure models, paid loss triangles and incurred loss triangles. Each type of projection analyzes loss occurrence data for claims occurring in a given period and projects the ultimate cost.

Unpaid loss and loss adjustment expense estimates recorded at the end of 2012 developed downward by $238 million when reevaluated through December 31, 2013, producing a corresponding increase to pre-tax earnings in 2013. These downward reserve developments represented approximately 1.3% of earned premiums in 2013 and approximately 2.3% of prior year-end recorded liabilities. Reserving assumptions at December 31, 2013 were modified appropriately to reflect the most recent frequency and severity results. Future reserve development will depend on whether actual frequency and severity are more or less than anticipated.

Management's Discussion *(Continued)*

Property and casualty losses (Continued)

GEICO (Continued)

Within the automobile line of business, reserves for liability coverages are more uncertain due to the longer claim-tails. Approximately 92% of GEICO's reserves as of December 31, 2013 were for automobile liability, of which bodily injury ("BI") coverage accounted for approximately 55%. We believe it is reasonably possible that the average BI severity will change by at least one percentage point from the severity used. If actual BI severity changes one percentage point from what was used in establishing the reserves, our reserves would develop up or down by approximately $165 million resulting in a corresponding decrease or increase in pre-tax earnings. Many of the same economic forces that would likely cause BI severity to be different from expected would likely also cause severities for other injury coverages to differ in the same direction.

GEICO's exposure to highly uncertain losses is believed to be limited to certain commercial excess umbrella policies written during a period from 1981 to 1984. Remaining liabilities associated with such exposure are currently a relatively insignificant component of GEICO's total reserves (approximately 1.3%) and there is minimal apparent asbestos or environmental liability exposure. Related claim activity over the past year was insignificant.

General Re and BHRG

Liabilities for unpaid property and casualty losses and loss adjustment expenses of our General Re and BHRG underwriting units derive primarily from assumed reinsurance. Additional uncertainties are unique to the processes used in estimating such reinsurance liabilities. The nature, extent, timing and perceived reliability of information received from ceding companies varies widely depending on the type of coverage, the contractual reporting terms (which are affected by market conditions and practices) and other factors. Contract terms, conditions and coverages tend to lack standardization and may evolve more rapidly than under primary insurance policies. We are unable to reliably measure the ongoing economic impact of such uncertainties.

The nature and extent of loss information provided under many facultative, per occurrence excess or retroactive contracts may not differ significantly from the information received under a primary insurance contract. This occurs when our personnel either work closely with the ceding company in settling individual claims or manage the claims themselves. However, loss information related to aggregate excess-of-loss contracts, including catastrophe losses and quota-share treaties, is often less detailed Occasionally, loss information is reported in a summary format rather than on an individual claim basis. Loss data is usually provided through periodic reports and may include the amount of ceded losses paid where reimbursement is sought as well as case loss reserve estimates. Ceding companies infrequently provide IBNR estimates to reinsurers.

Each of our reinsurance businesses has established practices to identify and gather needed information from clients. These practices include, for example, comparison of expected premiums to reported premiums to help identify delinquent client reports and claim reviews to facilitate loss reporting and identify inaccurate or incomplete claim reporting. We periodically evaluate and modify these practices as conditions, risk factors and unanticipated areas of exposures are identified.

The timing of claim reporting to reinsurers is typically delayed in comparison with claim reporting to primary insurers. In some instances, multiple reinsurers assume and cede parts of an underlying risk thereby causing multiple contractual intermediaries between us and the primary insured. In these instances, the claim reporting delays are compounded. The relative impact of reporting delays on the reinsurer varies depending on the type of coverage, contractual reporting terms and other factors. Contracts covering casualty losses on a per occurrence excess basis may experience longer delays in reporting due to the length of the claim-tail as regards to the underlying claim. In addition, ceding companies may not report claims until they conclude it is reasonably possible that the reinsurer will be affected, usually determined as a function of its estimate of the claim amount as a percentage of the reinsurance contract retention. However, the timing of reporting large per occurrence excess property losses or property catastrophe losses may not vary significantly from primary insurance.

Under contracts where periodic premium and claims reports are required from ceding companies, such reports are generally required at quarterly intervals which in the U.S. range from 30 to 90 days after the end of the accounting period. Outside the U.S., reinsurance reporting practices vary. In certain countries, clients report annually, often 90 to 180 days after the end of the annual period. The different client reporting practices generally do not result in a significant increase in risk or uncertainty as the actuarial reserving methodologies are adjusted to compensate for the delays.

Premium and loss data is provided to us through at least one intermediary (the primary insurer), so there is a risk that the loss data provided is incomplete, inaccurate or the claim is outside the coverage terms Information provided by ceding

Management's Discussion *(Continued)*

Property and casualty losses (Continued)

General Re and BHRG (Continued)

companies is reviewed for completeness and compliance with the contract terms. Generally, we are permitted under the contracts to access the cedant's books and records with respect to the subject business, thus providing us the ability to conduct audits to determine the accuracy and completeness of information. Audits are conducted as we deem appropriate.

In the normal course of business, disputes with clients occasionally arise concerning whether certain claims are covered under our reinsurance policies. We resolve most coverage disputes through the involvement of our claims department personnel and the appropriate client personnel or through independent outside counsel. If disputes cannot be resolved, our contracts generally specify whether arbitration, litigation, or an alternative dispute resolution process will be invoked. There are no coverage disputes at this time for which an adverse resolution would likely have a material impact on our consolidated results of operations or financial condition.

General Re

General Re's gross and net unpaid losses and loss adjustment expenses and gross reserves by major line of business as of December 31, 2013 are summarized below. Amounts are in millions.

Type		Line of business	
Reported case reserves	$ 7,809	Workers' compensation [1]	$ 2,830
IBNR reserves	7,859	Mass tort-asbestos/environmental	1,539
Gross reserves	15,668	Auto liability	3,769
Ceded reserves and deferred charges	(1,004)	Other casualty [2]	2,288
Net reserves	$ 14,664	Other general liability	2,462
		Property	2,780
		Total	$15,668

[1] *Net of discounts of $1,866 million.*

[2] *Includes directors and officers, errors and omissions, medical malpractice and umbrella coverage.*

General Re's loss reserve estimation process is based upon a ground-up approach, beginning with case estimates and supplemented by additional case reserves ("ACRs") and IBNR reserves. The critical processes in establishing loss reserves involve the establishment of ACRs by claim examiners, the determination of expected ultimate loss ratios which drive IBNR reserve amounts and the comparison of case reserve reporting trends to the expected loss reporting patterns. Recorded reserve amounts are subject to "tail risk" where reported losses develop beyond the maximum expected loss emergence time period.

We do not routinely determine loss reserve ranges. We believe that the techniques necessary to make such determinations have not sufficiently developed and that the myriad of assumptions required render such resulting ranges to be unreliable. In addition, claim counts or average amounts per claim are not utilized because clients do not consistently provide reliable data in sufficient detail.

Upon notification of a reinsurance claim from a ceding company, our claim examiners make independent evaluations of loss amounts. In some cases, examiners' estimates differ from amounts reported by ceding companies. If the examiners' estimates are significantly greater than the ceding company's estimates, the claims are further investigated. If deemed appropriate, ACRs are established above the amount reported by the ceding company. As of December 31, 2013, ACRs aggregated approximately $2.2 billion before discounts and were concentrated in workers' compensation reserves, and to a lesser extent in professional liability reserves. Our examiners also periodically conduct detailed claim reviews of individual clients and case reserves are often increased as a result. In 2013, we conducted 266 claim reviews.

Our actuaries classify all loss and premium data into segments ("reserve cells") primarily based on product (e.g., treaty, facultative and program) and line of business (e.g., auto liability, property, etc.). For each reserve cell, premiums and losses are aggregated by accident year, policy year or underwriting year (depending on client reporting practices) and analyzed over time. We internally refer to these loss aggregations as loss triangles, which serve as the primary basis for our IBNR reserve calculations. We review over 300 reserve cells for our North American business and approximately 900 reserve cells with respect to our international business.

Management's Discussion *(Continued)*

Property and casualty losses (Continued)

General Re (Continued)

We use loss triangles to determine the expected case loss emergence patterns for most coverages and, in conjunction with expected loss ratios by accident year, loss triangles are further used to determine IBNR reserves. While additional calculations form the basis for estimating the expected loss emergence pattern, the determination of the expected loss emergence pattern is not strictly a mechanical process. In instances where the historical loss data is insufficient, we use estimation formulas along with reliance on other loss triangles and judgment. Factors affecting our loss development triangles include but are not limited to the following: changes in client claims practices, changes in claim examiners' use of ACRs or the frequency of client company claim reviews, changes in policy terms and coverage (such as client loss retention levels and occurrence and aggregate policy limits), changes in loss trends and changes in legal trends that result in unanticipated losses, as well as other sources of statistical variability. Collectively, these factors influence the selection of the expected loss emergence patterns.

We select expected loss ratios by reserve cell, by accident year, based upon reviewing forecasted losses and indicated ultimate loss ratios that are predicted from aggregated pricing statistics. Indicated ultimate loss ratios are calculated using the selected loss emergence pattern, reported losses and earned premium. If the selected emergence pattern is not accurate, then the indicated ultimate loss ratios may not be accurate, which can affect the selected loss ratios and hence the IBNR reserve. As with selected loss emergence patterns, selecting expected loss ratios is not a strictly mechanical process and judgment is used in the analysis of indicated ultimate loss ratios and department pricing loss ratios.

We estimate IBNR reserves by reserve cell, by accident year, using the expected loss emergence patterns and the expected loss ratios. The expected loss emergence patterns and expected loss ratios are the critical IBNR reserving assumptions and are updated annually. Once the annual IBNR reserves are determined, our actuaries calculate expected case loss emergence for the upcoming calendar year. These calculations do not involve new assumptions and use the prior year-end expected loss emergence patterns and expected loss ratios. The expected losses are then allocated into interim estimates that are compared to actual reported losses in the subsequent year. This comparison provides a test of the adequacy of prior year-end IBNR reserves and forms the basis for possibly changing IBNR reserve assumptions during the course of the year.

In 2013, our reported claims for prior years' workers' compensation losses were less than expected by $238 million. However, further analysis of the workers' compensation reserve cells by segment indicated the need for maintaining IBNR reserves. These developments precipitated a net increase of $112 million in nominal IBNR reserve estimates for unreported occurrences. After adjusting for the $126 million net increase in liabilities from changes in net reserve discounts during the year, the net increase in workers' compensation losses from prior years' occurrences had a minimal impact on pre-tax earnings in 2013. To illustrate the sensitivity of changes in expected loss emergence patterns and expected loss ratios for our significant excess-of-loss workers' compensation reserve cells, an increase of ten points in the tail of the expected emergence pattern and an increase of ten percent in the expected loss ratios would produce a net increase in our nominal IBNR reserves as of December 31, 2013 of approximately $795 million and $441 million on a discounted basis. The increase in discounted reserves would produce a corresponding decrease in pre-tax earnings. We believe it is reasonably possible for the tail of the expected loss emergence patterns and expected loss ratios to increase at these rates.

Our other casualty and general liability reported losses (excluding mass tort losses) developed favorably in 2013 relative to expectations. Casualty losses tend to be long-tail and it should not be assumed that favorable loss experience in a given year means that loss reserve amounts currently established will continue to develop favorably. For our significant other casualty and general liability reserve cells (including medical malpractice, umbrella, auto and general liability), an increase of five points in the tails of the expected emergence patterns and an increase of five percent in expected loss ratios (one percent for large international proportional reserve cells) would produce a net increase in our nominal IBNR reserves and a corresponding reduction in pre-tax earnings of approximately $978 million. We believe it is reasonably possible for the tails of the expected loss emergence patterns and expected loss ratios to increase at these rates in any of the individual aforementioned reserve cells. However, given the diversification in worldwide business, more likely outcomes are believed to be less than $978 million.

In 2013, our property results included estimated losses incurred of $400 million from significant catastrophe events during the year. In 2013, reported claims for prior years' property loss events were less than expected, and we reduced our estimated ultimate liabilities by $375 million. However, the nature of property loss experience tends to be more volatile because of the effect of catastrophes and large individual property losses.

Management's Discussion *(Continued)*

Property and casualty losses (Continued)

General Re (Continued)

In certain reserve cells within excess directors and officers and errors and omissions ("D&O and E&O") coverages, IBNR reserves are based on estimated ultimate losses without consideration of expected emergence patterns. These cells often involve a spike in loss activity arising from recent industry developments making it difficult to select an expected loss emergence pattern. For our large D&O and E&O reserve cells, an increase of ten points in the tail of the expected emergence pattern (for those cells where emergence patterns are considered) and an increase of ten percent in the expected loss ratios would produce a net increase in nominal IBNR reserves and a corresponding reduction in pre-tax earnings of approximately $153 million. We believe it is reasonably possible for the tail of the expected loss emergence patterns and expected loss ratios to increase at these rates.

Overall industry-wide loss experience data and informed judgment are used when internal loss data is of limited reliability, such as in setting the estimates for mass tort, asbestos and hazardous waste (collectively, "mass tort") claims. Gross unpaid mass tort liabilities at December 31, 2013 and 2012 were approximately $1.5 billion and $1.6 billion, respectively and net of reinsurance, were approximately $1.2 billion at the end of each of the last two years. Mass tort net claims paid were $72 million in 2013. In 2013, ultimate loss estimates for asbestos and environmental claims were increased by $30 million. In addition to the previously described methodologies, we consider "survival ratios" based on average net claim payments in recent years versus net unpaid losses as a rough guide to reserve adequacy. The survival ratio based on claim payments made over the last three years was approximately 15.6 years as of December 31, 2013. The reinsurance industry's survival ratio for asbestos and pollution reserves was approximately 14.5 years based on the three years ending December 31, 2012 Estimating mass tort losses is very difficult due to the changing legal environment. Although such reserves are believed to be adequate, significant reserve increases may be required in the future if new exposures or claimants are identified, new claims are reported or new theories of liability emerge.

BHRG

BHRG's unpaid losses and loss adjustment expenses as of December 31, 2013 are summarized as follows. Amounts are in millions.

	Property	Casualty	Total
Reported case reserves	$2,090	$ 3,202	$ 5,292
IBNR reserves	2,542	4,896	7,438
Retroactive	—	17,716	17,716
Gross reserves	$4,632	$25,814	30,446
Deferred charges and ceded reserves			(5,132)
Net reserves			$ 25,314

In general, the methodologies we use to establish loss reserves vary widely and encompass many of the common methodologies employed in the actuarial field today. Certain traditional methodologies such as paid and incurred loss development techniques, incurred and paid loss Bornhuetter-Ferguson techniques and frequency and severity techniques are utilized, as well as ground-up techniques where appropriate. Additional judgments must also be employed to consider changes in contract conditions and terms as well as the incidence of litigation or legal and regulatory change.

Our gross loss reserves related to retroactive reinsurance policies were predominately for casualty or liability losses. Our retroactive policies relate to loss events occurring before a specified date on or before the contract date and include excess-of-loss contracts, in which losses above a contractual retention are indemnified or contracts that indemnify all losses paid by the counterparty after the policy effective date. We paid retroactive reinsurance losses and loss adjustment expenses of approximately $1.3 billion in 2013. The classification "reported case reserves" has no practical analytical value with respect to retroactive policies since the amount is often derived from reports in bulk from ceding companies, who may have inconsistent definitions of "case reserves." We review and establish loss reserve estimates, including estimates of IBNR reserves, in the aggregate by contract. In 2013, we increased reserves for prior years' retroactive reinsurance contracts by approximately $300 million, which related primarily to asbestos and environmental risks assumed.

Management's Discussion *(Continued)*

Property and casualty losses *(Continued)*

BHRG (Continued)

In establishing retroactive reinsurance reserves, we often analyze historical aggregate loss payment patterns and project losses into the future under various scenarios. The claim-tail is expected to be very long for many policies and may last several decades. We assign judgmental probability factors to these aggregate loss payment scenarios and an expectancy outcome is determined. We monitor claim payment activity and review ceding company reports and other information concerning the underlying losses. Since the claim-tail is expected to be very long for such contracts, we reassess expected ultimate losses as significant events related to the underlying losses are reported or revealed during the monitoring and review process.

BHRG's liabilities for environmental, asbestos and latent injury losses and loss adjustment expenses were approximately $11.9 billion at December 31, 2013 and $12.4 billion at December 31, 2012 and were concentrated within retroactive reinsurance contracts. We paid losses of approximately $874 million in 2013 attributable to these exposures. BHRG, as a reinsurer, does not receive consistently reliable information regarding asbestos, environmental and latent injury claims from all ceding companies, particularly with respect to multi-line treaty or aggregate excess-of-loss policies. Periodically, we conduct a ground-up analysis of the underlying loss data of the reinsured to make an estimate of ultimate reinsured losses. When detailed loss information is unavailable, our estimates can only be developed by applying recent industry trends and projections to aggregate client data. Judgments in these areas necessarily include the stability of the legal and regulatory environment under which these claims will be adjudicated. Potential legal reform and legislation could also have a significant impact on establishing loss reserves for mass tort claims in the future.

We currently believe that maximum losses payable under our retroactive policies will not exceed approximately $35 billion due to the aggregate contract limits that are applicable to most of these contracts. Absent significant judicial or legislative changes affecting asbestos, environmental or latent injury exposures, we also believe it unlikely that our reported year end gross unpaid losses of $17.7 billion will develop upward to the maximum loss payable or downward by more than 15%.

Certain of our reinsurance contracts are expected to have a low frequency of claim occurrence combined with a potential for high severity of claims, such as property losses from catastrophes and aviation risks related to our catastrophe and individual risk business. Loss reserves related to catastrophe and individual risk contracts were approximately $800 million at December 31, 2013. Estimated ultimate liabilities for prior years' events were reduced by about $200 million in 2013, which produced a corresponding increase in pre-tax earnings. Reserving techniques for catastrophe and individual risk contracts generally rely more on a per-policy assessment of the ultimate cost associated with the individual loss event rather than with an analysis of the historical development patterns of past losses. Absent litigation affecting the interpretation of coverage terms, the expected claim-tail is relatively short and thus the estimation error in the initial reserve estimates usually emerges within 24 months after the loss event.

Other reinsurance reserves (approximately $11.9 billion as of December 31, 2013) consisted of a variety of traditional property and casualty coverages written primarily under excess-of-loss and quota-share treaties. Liabilities as of December 31, 2013, included approximately $4.0 billion related to the 20% quota-share contract with Swiss Re, which is now in run-off. Reinsurance reserve amounts are generally based upon loss estimates reported by ceding companies and IBNR reserves that are primarily a function of reported losses from ceding companies and anticipated loss ratios established on a portfolio basis, supplemented by management's judgment of the impact of major catastrophe events as they become known. Anticipated loss ratios are based upon management's judgment considering the type of business covered, analysis of each ceding company's loss history and evaluation of that portion of the underlying contracts underwritten by each ceding company, which are in turn ceded to BHRG. A range of reserve amounts as a result of changes in underlying assumptions is not prepared.

Derivative contract liabilities

Our Consolidated Balance Sheets include significant derivative contract liabilities that are measured at fair value. Our most significant derivative contract exposures relate to equity index put option contracts written between 2004 and 2008. These contracts were entered into in over-the-counter markets. Certain elements of the terms and conditions of these contracts are not standard and we are not required to post collateral under most of these contracts. Furthermore, there is no source of independent data available to us showing trading volume and actual prices of completed transactions. As a result, the values of these liabilities are based on valuation models that we believe would be used by market participants. Such models or other valuation techniques use inputs that are observable in the marketplace, while others are unobservable. Unobservable inputs require us to make certain projections and assumptions about the information that would be used by market participants in establishing

Management's Discussion *(Continued)*

Derivative contract liabilities (Continued)

prices. We believe that the fair values produced for long-duration options is inherently subjective. The values of contracts in an actual exchange are affected by market conditions and perceptions of the buyers and sellers. Actual values in an exchange may differ significantly from the values produced by any mathematical model.

We determine the estimated fair value of equity index put option contracts using a Black-Scholes based option valuation model. Inputs to the model include the current index value, strike price, interest rate, dividend rate and contract expiration date. The weighted average interest and dividend rates used as of December 31, 2013 were 2.5% and 3.6%, respectively, and were approximately 2.1% and 3.3%, respectively, as of December 31, 2012. The interest rates as of December 31, 2013 and 2012 were approximately 64 basis points and 95 basis points (on a weighted average basis), respectively, over benchmark interest rates and represented our estimate of our nonperformance risk. We believe that the most significant economic risks under these contracts relate to changes in the index value component and, to a lesser degree, the foreign currency component.

The Black-Scholes based model also incorporates volatility estimates that measure potential price changes over time. Our contracts have an average remaining maturity of about 7 years. The weighted average volatility used as of December 31, 2013 was approximately 20.7%, compared to 20.9% as of December 31, 2012. The weighted average volatilities are based on the volatility input for each equity index put option contract weighted by the notional value of each equity index put option contract as compared to the aggregate notional value of all equity index put option contracts. The volatility input for each equity index put option contract reflects our expectation of future price volatility. The impact on fair value as of December 31, 2013 ($4.7 billion) from changes in the volatility assumption is summarized in the table that follows. Dollars are in millions.

Hypothetical change in volatility (percentage points)	Hypothetical fair value
Increase 2 percentage points	$ 5,067
Increase 4 percentage points	5,479
Decrease 2 percentage points	4,284
Decrease 4 percentage points	3,923

For several years, we also have had exposures relating to a number of credit default contracts written involving corporate and state/municipality issuers. During 2013, all credit default contracts involving corporate issuers expired and at December 31, 2013, our remaining exposures relate to state/municipality exposures which begin to expire in 2019. The fair values of our state/municipality contracts are generally based on bond pricing data on the underlying bond issues and credit spread estimates. We monitor and review pricing data and spread estimates for consistency as well as reasonableness with respect to current market conditions. We make no significant adjustments to the pricing data or inputs obtained.

Prices in a current market trade involving identical (or sufficiently similar) risks and contract terms as our equity index put option or credit default contracts could differ significantly from the fair values used in the financial statements. We do not operate as a derivatives dealer and currently do not utilize offsetting strategies to hedge our equity index put option or credit default contracts. We currently intend to allow these contracts to run off to their respective expiration dates.

Other Critical Accounting Policies

We record deferred charges with respect to liabilities assumed under retroactive reinsurance contracts. At the inception of these contracts, the deferred charges represent the excess, if any, of the estimated ultimate liability for unpaid losses over the consideration received. Deferred charges are amortized using the interest method over an estimate of the ultimate claim payment period with the periodic amortization reflected in earnings as a component of losses and loss adjustment expenses. Deferred charge balances are adjusted periodically to reflect new projections of the amount and timing of remaining loss payments. Adjustments to deferred charge balances resulting from changes to these assumptions are determined retrospectively from the inception of the contract. Unamortized deferred charges were approximately $4.35 billion at December 31, 2013. Significant changes in the estimated amount and the timing of payments of unpaid losses may have a significant effect on unamortized deferred charges and the amount of periodic amortization.

Management's Discussion *(Continued)*

Other Critical Accounting Policies (Continued)

Our Consolidated Balance Sheet includes goodwill of acquired businesses of $57.0 billion, which includes approximately $2.7 billion associated with our various acquisitions in 2013. We evaluate goodwill for impairment at least annually and we conducted our most recent annual review during the fourth quarter of 2013. Our review includes determining the estimated fair values of our reporting units. There are several methods of estimating a reporting unit's fair value, including market quotations, underlying asset and liability fair value determinations and other valuation techniques, such as discounted projected future net earnings or net cash flows and multiples of earnings. We primarily use discounted projected future earnings or cash flow methods. The key assumptions and inputs used in such methods may include forecasting revenues and expenses, operating cash flows and capital expenditures, as well as an appropriate discount rate and other inputs. A significant amount of judgment is required in estimating the fair value of a reporting unit and in performing goodwill impairment tests. Due to the inherent uncertainty in forecasting cash flows and earnings, actual results may vary significantly from the forecasts. If the carrying amount of a reporting unit, including goodwill, exceeds the estimated fair value, then, as required by GAAP, we estimate the fair values of the individual assets (including identifiable intangible assets) and liabilities of the reporting unit. The excess of the estimated fair value of the reporting unit over the estimated fair value of its net assets establishes the implied value of goodwill. The excess of the recorded amount of goodwill over the implied value is charged to earnings as an impairment loss.

Market Risk Disclosures

Our Consolidated Balance Sheets include a substantial amount of assets and liabilities whose fair values are subject to market risks. Our significant market risks are primarily associated with interest rates, equity prices, foreign currency exchange rates and commodity prices. The fair values of our investment portfolios and equity index put option contracts remain subject to considerable volatility. The following sections address the significant market risks associated with our business activities.

Interest Rate Risk

We regularly invest in bonds, loans or other interest rate sensitive instruments. Our strategy is to acquire such securities that are attractively priced in relation to the perceived credit risk. Management recognizes and accepts that losses may occur with respect to assets. We also issue debt in the ordinary course of business to fund business operations, business acquisitions and for other general purposes. We strive to maintain high credit ratings so that the cost of our debt is minimized. We rarely utilize derivative products, such as interest rate swaps, to manage interest rate risks.

The fair values of our fixed maturity investments and notes payable and other borrowings will fluctuate in response to changes in market interest rates. In addition, changes in interest rate assumptions used in our equity index put option contract models cause changes in reported liabilities with respect to those contracts. Increases and decreases in interest rates generally translate into decreases and increases in fair values of those instruments. Additionally, fair values of interest rate sensitive instruments may be affected by the creditworthiness of the issuer, prepayment options, relative values of alternative investments, the liquidity of the instrument and other general market conditions. The fair values of fixed interest rate instruments may be more sensitive to interest rate changes than variable rate instruments.

The following table summarizes the estimated effects of hypothetical changes in interest rates on our significant assets and liabilities that are subject to interest rate risk. It is assumed that the interest rate changes occur immediately and uniformly to each category of instrument containing interest rate risk, and that there are no significant changes to other factors used to determine the value of the instrument. The hypothetical changes in interest rates do not reflect what could be deemed best or worst case scenarios. Variations in interest rates could produce significant changes in the timing of repayments due to

Management's Discussion *(Continued)*

Interest Rate Risk (Continued)

prepayment options available to the issuer. For these reasons, actual results might differ from those reflected in the table. Dollars are in millions.

		Estimated Fair Value after Hypothetical Change in Interest Rates (bp=basis points)			
	Fair Value	100 bp decrease	100 bp increase	200 bp increase	300 bp increase
December 31, 2013					
Assets:					
Investments in fixed maturity securities	$ 29,370	$ 30,160	$ 28,591	$ 27,870	$ 27,259
Other investments [1]	8,592	9,021	8,166	7,757	7,370
Loans and finance receivables	12,002	12,412	11,617	11,255	10,915
Liabilities:					
Notes payable and other borrowings:					
Insurance and other	13,147	13,776	12,595	12,104	11,663
Railroad, utilities and energy	49,879	54,522	45,906	42,500	39,554
Finance and financial products	13,013	13,703	12,405	11,867	11,385
Equity index put option contracts	4,667	5,589	3,876	3,200	2,626
December 31, 2012					
Assets:					
Investments in fixed maturity securities	$ 38,425	$ 39,333	$ 37,493	$36,592	$ 35,783
Other investments [1]	8,606	9,003	8,169	7,744	7,343
Loans and finance receivables	11,991	12,410	11,598	11,229	10,883
Liabilities:					
Notes payable and other borrowings:					
Insurance and other	14,284	14,794	13,815	13,398	13,018
Railroad, utilities and energy	42,074	46,268	38,519	35,495	32,902
Finance and financial products	14,005	14,597	13,432	12,950	12,519
Equity index put option contracts	7,502	8,980	6,226	5,131	4,198

[1] *Includes other investments that are subject to a significant level of interest rate risk.*

Equity Price Risk

Historically, we have maintained large amounts of invested assets in exchange traded equity securities Strategically, we strive to invest in businesses that possess excellent economics, with able and honest management and at sensible prices and prefer to invest a meaningful amount in each investee. Consequently, equity investments are concentrated in relatively few issuers. At December 31, 2013, approximately 55% of the total fair value of equity investments was concentrated within four companies.

We often hold equity investments for long periods of time so we are not troubled by short-term price volatility with respect to our investments provided that the underlying business, economic and management characteristics of the investees remain favorable. We strive to maintain above average levels of shareholder capital to provide a margin of safety against short-term price volatility.

Market prices for equity securities are subject to fluctuation and consequently the amount realized in the subsequent sale of an investment may significantly differ from the reported market value. Fluctuation in the market price of a security may result from perceived changes in the underlying economic characteristics of the investee, the relative price of alternative investments and general market conditions

We are also subject to equity price risk with respect to our equity index put option contracts. While our ultimate potential loss with respect to these contracts is determined from the movement of the underlying stock index between the contract inception date and expiration date, fair values of these contracts are also affected by changes in other factors such as interest rates, expected dividend rates and the remaining duration of the contract. These contracts expire between 2018 and 2026 and may not be unilaterally settled before their respective expiration dates.

Management's Discussion *(Continued)*

Equity Price Risk (Continued)

The following table summarizes our equity and other investments and derivative contract liabilities with significant equity price risk as of December 31, 2013 and 2012. The effects of a hypothetical 30% increase and a 30% decrease in market prices as of those dates are also shown. The selected 30% hypothetical changes do not reflect what could be considered the best or worst case scenarios. Indeed, results could be far worse due both to the nature of equity markets and the aforementioned concentrations existing in our equity investment portfolio. Dollar amounts are in millions.

	Fair Value	Hypothetical Price Change	Estimated Fair Value after Hypothetical Change in Prices	Hypothetical Percentage Increase (Decrease) in Shareholders' Equity
December 31, 2013				
Assets:				
Equity securities	$117,505	30% increase	$ 152,757	10.3
		30% decrease	82,254	(10.3)
Other investments [1]	13,226	30% increase	17,172	1.2
		30% decrease	9,359	(1.1)
Liabilities:				
Equity index put option contracts	4,667	30% increase	2,873	0.5
		30% decrease	7,987	(1.0)
December 31, 2012				
Assets:				
Equity securities	$ 88,346	30% increase	$ 116,357	9.7
		30% decrease	61,408	(9.3)
Other investments [1]	10,136	30% increase	12,775	0.9
		30% decrease	7,664	(0.9)
Liabilities:				
Equity index put option contracts	7,502	30% increase	5,009	0.9
		30% decrease	11,482	(1.4)

[1] *Includes other investments that possess significant equity price risk.*

Foreign Currency Risk

We generally do not use derivative contracts to hedge foreign currency price changes primarily because of the natural hedging that occurs between assets and liabilities denominated in foreign currencies in our Consolidated Financial Statements. In addition, we hold investments in common stocks of major multinational companies such as The Coca-Cola Company that have significant foreign business and foreign currency risk of their own. Our net assets subject to translation are primarily in our insurance, utilities and energy businesses, and to a lesser extent in our manufacturing and services businesses. The translation impact is somewhat offset by transaction gains or losses on net reinsurance liabilities of certain U.S. subsidiaries that are denominated in foreign currencies as well as the equity index put option liabilities of U.S. subsidiaries relating to contracts that would be settled in foreign currencies.

Commodity Price Risk

Our subsidiaries use commodities in various ways in manufacturing and providing services. As such, we are subject to price risks related to various commodities. In most instances, we attempt to manage these risks through the pricing of our products and services to customers. To the extent that we are unable to sustain price increases in response to commodity price increases, our operating results will likely be adversely affected. We utilize derivative contracts to a limited degree in managing commodity price risks, most notably at MidAmerican. MidAmerican's exposures to commodities include variations in the price of fuel required to generate electricity, wholesale electricity that is purchased and sold and natural gas supply for customers. Commodity prices are subject to wide price swings as supply and demand are impacted by, among many other unpredictable items, weather, market liquidity, generating facility availability, customer usage, storage and transmission and transportation constraints. To mitigate a portion of the risk, MidAmerican uses derivative instruments, including forwards, futures, options, swaps and other agreements, to effectively secure future supply or sell future production generally at fixed prices. The settled cost of these contracts is generally recovered from customers in regulated rates. Financial results would be negatively impacted

Management's Discussion *(Continued)*

Commodity Price Risk (Continued)

if the costs of wholesale electricity, fuel or natural gas are higher than what is permitted to be recovered in rates. MidAmerican also uses futures, options and swap agreements to economically hedge gas and electric commodity prices for physical delivery to non-regulated customers. The table that follows summarizes our commodity price risk on energy derivative contracts of MidAmerican as of December 31, 2013 and 2012 and shows the effects of a hypothetical 10% increase and a 10% decrease in forward market prices by the expected volumes for these contracts as of each date. The selected hypothetical change does not reflect what could be considered the best or worst case scenarios. Dollars are in millions.

	Fair Value Net Assets (Liabilities)	Hypothetical Price Change	Estimated Fair Value after Hypothetical Change in Price
December 31, 2013	$ (140)	10% increase	$ (72)
		10% decrease	(208)
December 31, 2012	$ (235)	10% increase	$ (187)
		10% decrease	(285)

FORWARD-LOOKING STATEMENTS

Investors are cautioned that certain statements contained in this document as well as some statements in periodic press releases and some oral statements of Berkshire officials during presentations about Berkshire or its subsidiaries are "forward-looking" statements within the meaning of the Private Securities Litigation Reform Act of 1995 (the "Act"). Forward-looking statements include statements which are predictive in nature, which depend upon or refer to future events or conditions, which include words such as "expects," "anticipates," "intends," "plans," "believes," "estimates" or similar expressions. In addition, any statements concerning future financial performance (including future revenues, earnings or growth rates), ongoing business strategies or prospects and possible future Berkshire actions, which may be provided by management, are also forward-looking statements as defined by the Act. Forward-looking statements are based on current expectations and projections about future events and are subject to risks, uncertainties and assumptions about Berkshire and its subsidiaries, economic and market factors and the industries in which we do business, among other things. These statements are not guaranties of future performance and we have no specific intention to update these statements.

Actual events and results may differ materially from those expressed or forecasted in forward-looking statements due to a number of factors. The principal important risk factors that could cause our actual performance and future events and actions to differ materially from such forward-looking statements include, but are not limited to, changes in market prices of our investments in fixed maturity and equity securities, losses realized from derivative contracts, the occurrence of one or more catastrophic events, such as an earthquake, hurricane or act of terrorism that causes losses insured by our insurance subsidiaries, changes in laws or regulations affecting our insurance, railroad, utilities and energy and finance subsidiaries, changes in federal income tax laws, and changes in general economic and market factors that affect the prices of securities or the industries in which we do business.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk

See "Market Risk Disclosures" contained in Item 7 "Management's Discussion and Analysis of Financial Condition and Results of Operations."

Management's Report on Internal Control Over Financial Reporting

Management of Berkshire Hathaway Inc. is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in the Securities Exchange Act of 1934 Rule 13a-15(f). Under the supervision and with the participation of our management, including our principal executive officer and principal financial officer, we conducted an evaluation of the effectiveness of the Company's internal control over financial reporting as of December 31, 2013 as required by the Securities Exchange Act of 1934 Rule 13a-15(c). In making this assessment, we used the criteria set forth in the framework in *Internal Control – Integrated Framework* (1992) issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on our evaluation under the framework in *Internal Control – Integrated Framework* (1992), our management concluded that our internal control over financial reporting was effective as of December 31, 2013.

The effectiveness of our internal control over financial reporting as of December 31, 2013 has been audited by Deloitte & Touche LLP, an independent registered public accounting firm, as stated in their report which appears on page 65.

Berkshire Hathaway Inc.
February 28, 2014

Item 8. Financial Statements and Supplementary Data

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholders of
Berkshire Hathaway Inc.
Omaha, Nebraska

We have audited the accompanying consolidated balance sheets of Berkshire Hathaway Inc. and subsidiaries (the "Company") as of December 31, 2013 and 2012, and the related consolidated statements of earnings, comprehensive income, changes in shareholders' equity, and cash flows for each of the three years in the period ended December 31, 2013. We also have audited the Company's internal control over financial reporting as of December 31, 2013, based on criteria established in Internal Control—Integrated Framework (1992) issued by the Committee of Sponsoring Organizations of the Treadway Commission. The Company's management is responsible for these financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on these financial statements and an opinion on the Company's internal control over financial reporting based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement and whether effective internal control over financial reporting was maintained in all material respects. Our audits of the financial statements included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

A company's internal control over financial reporting is a process designed by, or under the supervision of, the company's principal executive and principal financial officers, or persons performing similar functions, and effected by the company's board of directors, management, and other personnel to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of the inherent limitations of internal control over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may not be prevented or detected on a timely basis. Also, projections of any evaluation of the effectiveness of the internal control over financial reporting to future periods are subject to the risk that the controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Berkshire Hathaway Inc. and subsidiaries as of December 31, 2013 and 2012, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2013, in conformity with accounting principles generally accepted in the United States of America. Also, in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2013, based on the criteria established in Internal Control – Integrated Framework (1992) issued by the Committee of Sponsoring Organizations of the Treadway Commission.

/s/ Deloitte & Touche LLP

Omaha, Nebraska
February 28, 2014

BERKSHIRE HATHAWAY INC.
and Subsidiaries
CONSOLIDATED BALANCE SHEETS
(dollars in millions)

	December 31, 2013	2012
ASSETS		
Insurance and Other:		
Cash and cash equivalents	$ 42,614	$ 42,358
Investments:		
Fixed maturity securities	28,785	36,708
Equity securities	115,464	87,081
Other	12,334	10,184
Investments in H.J. Heinz Holding Corporation	12,111	—
Receivables	20,497	21,753
Inventories	9,945	9,675
Property, plant and equipment	19,732	19,188
Goodwill	33,372	33,274
Other	19,244	17,875
	314,098	278,096
Railroad, Utilities and Energy:		
Cash and cash equivalents	3,400	2,570
Property, plant and equipment	102,482	87,684
Goodwill	22,603	20,213
Other	16,149	13,441
	144,634	123,908
Finance and Financial Products:		
Cash and cash equivalents	2,172	2,064
Investments in equity and fixed maturity securities	1,506	1,432
Other investments	5,617	4,882
Loans and finance receivables	12,826	12,809
Goodwill	1,036	1,036
Other	3,042	3,225
	26,199	25,448
	$ 484,931	$427,452
LIABILITIES AND SHAREHOLDERS' EQUITY		
Insurance and Other:		
Losses and loss adjustment expenses	$ 64,866	$ 64,160
Unearned premiums	10,770	10,237
Life, annuity and health insurance benefits	11,681	10,943
Accounts payable, accruals and other liabilities	22,254	21,149
Notes payable and other borrowings	12,902	13,535
	122,473	120,024
Railroad, Utilities and Energy:		
Accounts payable, accruals and other liabilities	14,557	13,113
Notes payable and other borrowings	46,655	36,156
	61,212	49,269
Finance and Financial Products:		
Accounts payable, accruals and other liabilities	1,024	1,099
Derivative contract liabilities	5,331	7,933
Notes payable and other borrowings	12,667	13,045
	19,022	22,077
Income taxes, principally deferred	57,739	44,494
Total liabilities	260,446	235,864
Shareholders' equity:		
Common stock	8	8
Capital in excess of par value	35,472	37,230
Accumulated other comprehensive income	44,025	27,500
Retained earnings	143,748	124,272
Treasury stock, at cost	(1,363)	(1,363)
Berkshire Hathaway shareholders' equity	221,890	187,647
Noncontrolling interests	2,595	3,941
Total shareholders' equity	224,485	191,588
	$ 484,931	$427,452

See accompanying Notes to Consolidated Financial Statements

BERKSHIRE HATHAWAY INC.
and Subsidiaries

CONSOLIDATED STATEMENTS OF EARNINGS
(dollars in millions except per-share amounts)

	Year Ended December 31,		
	2013	2012	2011
Revenues:			
Insurance and Other:			
Insurance premiums earned	$ 36,684	$ 34,545	$ 32,075
Sales and service revenues	94,806	83,268	72,803
Interest, dividend and other investment income	4,939	4,534	4,792
Investment gains/losses	3,881	990	1,065
	140,310	123,337	110,735
Railroad, Utilities and Energy:			
Operating revenues	34,649	32,383	30,721
Other	108	199	118
	34,757	32,582	30,839
Finance and Financial Products:			
Interest, dividend and other investment income	1,469	1,572	1,618
Investment gains/losses	184	472	209
Derivative gains/losses	2,608	1,963	(2,104)
Other	2,822	2,537	2,391
	7,083	6,544	2,114
	182,150	162,463	143,688
Costs and expenses:			
Insurance and Other:			
Insurance losses and loss adjustment expenses	21,275	20,113	20,829
Life, annuity and health insurance benefits	5,072	5,114	4,879
Insurance underwriting expenses	7,248	7,693	6,119
Cost of sales and services	77,053	67,536	59,839
Selling, general and administrative expenses	11,917	10,503	8,670
Interest expense	426	397	308
	122,991	111,356	100,644
Railroad, Utilities and Energy:			
Cost of sales and operating expenses	25,157	23,816	22,736
Interest expense	1,865	1,745	1,703
	27,022	25,561	24,439
Finance and Financial Products:			
Interest expense	510	602	653
Other	2,831	2,708	2,638
	3,341	3,310	3,291
	153,354	140,227	128,374
Earnings before income taxes	28,796	22,236	15,314
Income tax expense	8,951	6,924	4,568
Net earnings	19,845	15,312	10,746
Less: Earnings attributable to noncontrolling interests	369	488	492
Net earnings attributable to Berkshire Hathaway shareholders	$ 19,476	$ 14,824	$ 10,254
Average common shares outstanding *	1,643,613	1,651,294	1,649,891
Net earnings per share attributable to Berkshire Hathaway shareholders *	$ 11,850	$ 8,977	$ 6,215

**Average shares outstanding include average Class A common shares and average Class B common shares determined on an equivalent Class A common stock basis. Net earnings per common share attributable to Berkshire Hathaway shown above represents net earnings per equivalent Class A common share. Net earnings per Class B common share is equal to one-fifteen-hundredth (1/1,500) of such amount or $7.90 per share for 2013, $5.98 per share for 2012 and $4.14 per share for 2011.*

See accompanying Notes to Consolidated Financial Statements

BERKSHIRE HATHAWAY INC.
and Subsidiaries

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(dollars in millions)

	Year Ended December 31,		
	2013	2012	2011
Net earnings	$19,845	$15,312	$10,746
Other comprehensive income:			
Net change in unrealized appreciation of investments	25,111	15,700	(2,146)
Applicable income taxes	(8,691)	(5,434)	811
Reclassification of investment appreciation in net earnings	(2,447)	(953)	(1,245)
Applicable income taxes	856	334	436
Foreign currency translation	(82)	276	(126)
Applicable income taxes	34	(9)	(18)
Prior service cost and actuarial gains/losses of defined benefit pension plans	2,602	5	(1,121)
Applicable income taxes	(950)	(26)	401
Other, net	138	(32)	(104)
Other comprehensive income, net	16,571	9,861	(3,112)
Comprehensive income	36,416	25,173	7,634
Comprehensive income attributable to noncontrolling interests	394	503	385
Comprehensive income attributable to Berkshire Hathaway shareholders	$36,022	$24,670	$ 7,249

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(dollars in millions)

	Berkshire Hathaway shareholders' equity					
	Common stock and capital in excess of par value	Accumulated other comprehensive income	Retained earnings	Treasury stock	Non-controlling interests	Total
Balance at December 31, 2010	$ 37,541	$ 20,583	$ 99,194	$ —	$5,616	$ 162,934
Net earnings	—	—	10,254	—	492	10,746
Other comprehensive income, net	—	(3,005)	—	—	(107)	(3,112)
Issuance (repurchase) of common stock	355	—	—	(67)	—	288
Transactions with noncontrolling interests	(81)	76	—	—	(1,890)	(1,895)
Balance at December 31, 2011	37,815	17,654	109,448	(67)	4,111	168,961
Net earnings	—	—	14,824	—	488	15,312
Other comprehensive income, net	—	9,846	—	—	15	9,861
Issuance (repurchase) of common stock	118	—	—	(1,296)	—	(1,178)
Transactions with noncontrolling interests	(695)	—	—	—	(673)	(1,368)
Balance at December 31, 2012	37,238	27,500	124,272	(1,363)	3,941	191,588
Net earnings	—	—	19,476	—	369	19,845
Other comprehensive income, net	—	16,546	—	—	25	16,571
Issuance of common stock	92	—	—	—	—	92
Transactions with noncontrolling interests	(1,850)	(21)	—	—	(1,740)	(3,611)
Balance at December 31, 2013	$ 35,480	$ 44,025	$ 143,748	$ (1,363)	$2,595	$ 224,485

See accompanying Notes to Consolidated Financial Statements

BERKSHIRE HATHAWAY INC.
and Subsidiaries

CONSOLIDATED STATEMENTS OF CASH FLOWS
(dollars in millions)

	Year Ended December 31,		
	2013	2012	2011
Cash flows from operating activities:			
Net earnings	$ 19,845	$ 15,312	$ 10,746
Adjustments to reconcile net earnings to operating cash flows:			
Investment (gains) losses	(4,065)	(1,462)	(1,274)
Depreciation and amortization	6,508	6,154	5,492
Other	373	(213)	2
Changes in operating assets and liabilities before business acquisitions:			
Losses and loss adjustment expenses	578	(421)	3,063
Deferred charges reinsurance assumed	(340)	121	(329)
Unearned premiums	519	1,134	852
Receivables and originated loans	1,035	(1,610)	(1,159)
Derivative contract assets and liabilities	(2,430)	(2,183)	1,881
Income taxes	3,514	1,710	1,493
Other	2,167	2,408	(291)
Net cash flows from operating activities	27,704	20,950	20,476
Cash flows from investing activities:			
Purchases of fixed maturity securities	(7,546)	(8,250)	(7,362)
Purchases of equity securities	(8,558)	(7,376)	(15,660)
Purchases of other investments	(12,250)	—	(5,000)
Sales of fixed maturity securities	4,311	2,982	3,353
Redemptions and maturities of fixed maturity securities	11,203	6,064	6,872
Sales and redemptions of equity securities	3,869	8,088	14,163
Purchases of loans and finance receivables	(490)	(650)	(1,657)
Collections of loans and finance receivables	654	1,714	2,915
Acquisitions of businesses, net of cash acquired	(6,431)	(3,188)	(8,685)
Purchases of property, plant and equipment	(11,087)	(9,775)	(8,191)
Other	(1,210)	(183)	63
Net cash flows from investing activities	(27,535)	(10,574)	(19,189)
Cash flows from financing activities:			
Proceeds from borrowings of insurance and other businesses	2,622	1,820	2,091
Proceeds from borrowings of railroad, utilities and energy businesses	7,491	4,707	2,290
Proceeds from borrowings of finance businesses	3,462	2,352	1,562
Repayments of borrowings of insurance and other businesses	(2,835)	(2,078)	(2,307)
Repayments of borrowings of railroad, utilities and energy businesses	(1,596)	(2,119)	(2,335)
Repayments of borrowings of finance businesses	(3,842)	(3,131)	(1,959)
Changes in short term borrowings, net	(1,317)	(309)	301
Acquisitions of noncontrolling interests and treasury stock	(2,890)	(2,096)	(1,878)
Other	(134)	48	18
Net cash flows from financing activities	961	(806)	(2,217)
Effects of foreign currency exchange rate changes	64	123	2
Increase (decrease) in cash and cash equivalents	1,194	9,693	(928)
Cash and cash equivalents at beginning of year	46,992	37,299	38,227
Cash and cash equivalents at end of year *	$ 48,186	$46,992	$ 37,299
** Cash and cash equivalents at end of year are comprised of the following:*			
Insurance and Other	*$ 42,614*	*$ 42,358*	*$ 33,513*
Railroad, Utilities and Energy	*3,400*	*2,570*	*2,246*
Finance and Financial Products	*2,172*	*2,064*	*1,540*
	$ 48,186	*$ 46,992*	*$ 37,299*

See accompanying Notes to Consolidated Financial Statements

BERKSHIRE HATHAWAY INC.
and Subsidiaries

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2013

(1) Significant accounting policies and practices

(a) Nature of operations and basis of consolidation

Berkshire Hathaway Inc. ("Berkshire") is a holding company owning subsidiaries engaged in a number of diverse business activities, including insurance and reinsurance, freight rail transportation, utilities and energy, finance, manufacturing, service and retailing. In these notes the terms "us," "we," or "our" refer to Berkshire and its consolidated subsidiaries. Further information regarding our reportable business segments is contained in Note 23. Significant business acquisitions completed over the past three years are discussed in Note 2.

The accompanying Consolidated Financial Statements include the accounts of Berkshire consolidated with the accounts of all subsidiaries and affiliates in which we hold a controlling financial interest as of the financial statement date. Normally a controlling financial interest reflects ownership of a majority of the voting interests. We consolidate a variable interest entity ("VIE") when we possess both the power to direct the activities of the VIE that most significantly impact its economic performance and we are either obligated to absorb the losses that could potentially be significant to the VIE or we hold the right to receive benefits from the VIE that could potentially be significant to the VIE.

Intercompany accounts and transactions have been eliminated. In prior years, we presented certain relatively large private placement investments as other investments in the Consolidated Balance Sheets and Statements of Cash Flows and Notes to the Consolidated Financial Statements. At December 31, 2013, we included these investments as components of investments in fixed maturity or equity securities. Prior year presentations were reclassified to conform with the current year presentation.

(b) Use of estimates in preparation of financial statements

The preparation of our Consolidated Financial Statements in conformity with accounting principles generally accepted in the United States ("GAAP") requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. In particular, estimates of unpaid losses and loss adjustment expenses and related recoverables under reinsurance for property and casualty insurance are subject to considerable estimation error due to the inherent uncertainty in projecting ultimate claim amounts. In addition, estimates and assumptions associated with the amortization of deferred charges reinsurance assumed, determinations of fair values of certain financial instruments and evaluations of goodwill for impairment require considerable judgment. Actual results may differ from the estimates used in preparing our Consolidated Financial Statements.

(c) Cash and cash equivalents

Cash equivalents consist of funds invested in U.S. Treasury Bills, money market accounts, demand deposits and other investments with a maturity of three months or less when purchased.

(d) Investments

We determine the appropriate classification of investments in fixed maturity and equity securities at the acquisition date and re-evaluate the classification at each balance sheet date. Held-to-maturity investments are carried at amortized cost, reflecting the ability and intent to hold the securities to maturity. Trading investments are securities acquired with the intent to sell in the near term and are carried at fair value. All other securities are classified as available-for-sale and are carried at fair value with net unrealized gains or losses reported as a component of accumulated other comprehensive income. Substantially all of our investments in equity and fixed maturity securities are classified as available-for-sale.

We utilize the equity method to account for investments when we possess the ability to exercise significant influence, but not control, over the operating and financial policies of the investee. The ability to exercise significant influence is presumed when an investor possesses more than 20% of the voting interests of the investee. This presumption may be overcome based on specific facts and circumstances that demonstrate that the ability to exercise significant influence is restricted. We apply the equity method to investments in common stock and to other investments when such other investments possess substantially identical subordinated interests to common stock.

Notes to Consolidated Financial Statements *(Continued)*

(1) Significant accounting policies and practices *(Continued)*

(d) Investments (Continued)

In applying the equity method, we record the investment at cost and subsequently increase or decrease the carrying amount of the investment by our proportionate share of the net earnings or losses and other comprehensive income of the investee. We record dividends or other equity distributions as reductions in the carrying value of the investment. In the event that net losses of the investee reduce the carrying amount to zero, additional net losses may be recorded if other investments in the investee are at-risk, even if we have not committed to provide financial support to the investee. Such additional equity method losses, if any, are based upon the change in our claim on the investee's book value.

Investment gains and losses arise when investments are sold (as determined on a specific identification basis) or are other-than-temporarily impaired. If a decline in the value of an investment below cost is deemed other than temporary, the cost of the investment is written down to fair value, with a corresponding charge to earnings. Factors considered in determining whether an impairment is other than temporary include: the financial condition, business prospects and creditworthiness of the issuer, the relative amount of the decline, our ability and intent to hold the investment until the fair value recovers and the length of time that fair value has been less than cost. With respect to an investment in a fixed maturity security, we recognize an other-than-temporary impairment if we (a) intend to sell or expect to be required to sell the security before its amortized cost is recovered or (b) do not expect to ultimately recover the amortized cost basis even if we do not intend to sell the security. We recognize losses under (a) in earnings and under (b) we recognize the credit loss component in earnings and the difference between fair value and the amortized cost basis net of the credit loss in other comprehensive income.

(e) Receivables, loans and finance receivables

Receivables of the insurance and other businesses are stated net of estimated allowances for uncollectible balances. Allowances for uncollectible balances are provided when it is probable counterparties or customers will be unable to pay all amounts due based on the contractual terms. Receivables are generally written off against allowances after all reasonable collection efforts are exhausted.

Loans and finance receivables consist primarily of manufactured housing installment loans originated or purchased. Loans and finance receivables are stated at amortized cost based on our ability and intent to hold such loans and receivables to maturity and are stated net of allowances for uncollectible accounts. Amortized cost represents acquisition cost, plus or minus origination and commitment costs paid or fees received, which together with acquisition premiums or discounts, are deferred and amortized as yield adjustments over the life of the loan. Loans and finance receivables include loan securitizations issued when we have the power to direct and the right to receive residual returns. Substantially all of these loans are secured by real or personal property or other assets of the borrower.

Allowances for credit losses from manufactured housing loans include estimates of losses on loans currently in foreclosure and losses on loans not currently in foreclosure. Estimates of losses on loans in foreclosure are based on historical experience and collateral recovery rates. Estimates of losses on loans not currently in foreclosure consider historical default rates, collateral recovery rates and existing economic conditions. Allowances for credit losses also incorporate the historical average time elapsed from the last payment until foreclosure.

Loans in which payments are delinquent (with no grace period) are considered past due. Loans which are over 90 days past due or in foreclosure are placed on nonaccrual status and interest previously accrued but not collected is reversed. Subsequent amounts received on the loans are first applied to the principal and interest owed for the most delinquent amount. Interest income accruals are resumed once a loan is less than 90 days delinquent.

Loans in the foreclosure process are considered non-performing. Once a loan is in foreclosure, interest income is not recognized unless the foreclosure is cured or the loan is modified. Once a modification is complete, interest income is recognized based on the terms of the new loan. Loans that have gone through foreclosure are charged off when the collateral is sold. Loans not in foreclosure are evaluated for charge off based on individual circumstances concerning the future collectability of the loan and the condition of the collateral securing the loan.

Notes to Consolidated Financial Statements *(Continued)*

(1) Significant accounting policies and practices *(Continued)*

(f) Derivatives

We carry derivative contracts at fair value. Such balances reflect reductions permitted under master netting agreements with counterparties. The changes in fair value of derivative contracts that do not qualify as hedging instruments for financial reporting purposes are recorded in earnings.

Cash collateral received from or paid to counterparties to secure derivative contract assets or liabilities is included in other liabilities or other assets. Securities received from counterparties as collateral are not recorded as assets and securities delivered to counterparties as collateral continue to be reflected as assets in our Consolidated Balance Sheets.

(g) Fair value measurements

As defined under GAAP, fair value is the price that would be received to sell an asset or paid to transfer a liability between market participants in the principal market or in the most advantageous market when no principal market exists. Adjustments to transaction prices or quoted market prices may be required in illiquid or disorderly markets in order to estimate fair value. Alternative valuation techniques may be appropriate under the circumstances to determine the value that would be received to sell an asset or paid to transfer a liability in an orderly transaction. Market participants are assumed to be independent, knowledgeable, able and willing to transact an exchange and not acting under duress. Nonperformance or credit risk is considered in determining the fair value of liabilities. Considerable judgment may be required in interpreting market data used to develop the estimates of fair value. Accordingly, estimates of fair value presented herein are not necessarily indicative of the amounts that could be realized in a current or future market exchange.

(h) Inventories

Inventories consist of manufactured goods and goods acquired for resale. Manufactured inventory costs include raw materials, direct and indirect labor and factory overhead. Inventories are stated at the lower of cost or market. As of December 31, 2013, approximately 42% of our consolidated inventory cost was determined using the last-in-first-out ("LIFO") method, 32% using the first-in-first-out ("FIFO") method, with the remainder using the specific identification method or average cost methods. With respect to inventories carried at LIFO cost, the aggregate difference in value between LIFO cost and cost determined under the FIFO method was $796 million and $793 million as of December 31, 2013 and 2012, respectively.

(i) Property, plant and equipment

Additions to property, plant and equipment are recorded at cost and consist of major additions, improvements and betterments. With respect to constructed assets, all construction related material, direct labor and contract services as well as certain indirect costs are capitalized. Indirect costs include interest over the construction period. With respect to constructed assets of certain of our regulated utility and energy subsidiaries that are subject to authoritative guidance for regulated operations, capitalized costs also include an equity allowance for funds used during construction, which represents the equity funds necessary to finance the construction of the domestic regulated facilities. Also see Note 1(p).

Normal repairs and maintenance and other costs that do not improve the property, extend the useful life or otherwise do not meet capitalization criteria are charged to expense as incurred. Rail grinding costs related to our railroad properties are expensed as incurred.

Depreciation is provided principally on the straight-line method over estimated useful lives or mandated recovery periods as prescribed by regulatory authorities. Depreciation of assets of our regulated utilities and railroad is generally provided using group depreciation methods where rates are based on periodic depreciation studies approved by the applicable regulator. Under group depreciation, a single depreciation rate is applied to the gross investment in a particular class of property, despite differences in the service life or salvage value of individual property units within the same class. When our regulated utilities or railroad retires or sells a component of the assets accounted for using group depreciation methods, no gain or loss is recognized. Gains or losses on disposals of all other assets are recorded through earnings.

Our businesses evaluate property, plant and equipment for impairment when events or changes in circumstances indicate that the carrying value of such assets may not be recoverable or the assets are being held for sale. Upon the occurrence of a triggering event, we assess whether the estimated undiscounted cash flows expected from the use of

Notes to Consolidated Financial Statements *(Continued)*

(1) Significant accounting policies and practices *(Continued)*

(i) Property, plant and equipment (Continued)

the asset plus residual value from the ultimate disposal exceeds the carrying value of the asset. If the carrying value exceeds the estimated recoverable amounts, we write down the asset to the estimated fair value. Impairment losses are included in earnings, except with respect to impairment of assets of our regulated utility and energy subsidiaries when the impacts of regulation are considered in evaluating the carrying value of regulated assets.

(j) Goodwill and other intangible assets

Goodwill represents the excess of the purchase price over the fair value of identifiable net assets acquired in business acquisitions. We evaluate goodwill for impairment at least annually. When evaluating goodwill for impairment we estimate the fair value of the reporting unit. There are several methods that may be used to estimate a reporting unit's fair value, including market quotations, asset and liability fair values and other valuation techniques, including, but not limited to, discounted projected future net earnings or net cash flows and multiples of earnings. If the carrying amount of a reporting unit, including goodwill, exceeds the estimated fair value, then the identifiable assets and liabilities of the reporting unit are estimated at fair value as of the current testing date. The excess of the estimated fair value of the reporting unit over the current estimated fair value of net assets establishes the implied value of goodwill. The excess of the recorded goodwill over the implied goodwill value is charged to earnings as an impairment loss. Significant judgment is required in estimating the fair value of the reporting unit and performing goodwill impairment tests.

Intangible assets with definite lives are amortized based on the estimated pattern in which the economic benefits are expected to be consumed or on a straight-line basis over their estimated economic lives. Intangible assets with definite lives are reviewed for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable. Intangible assets with indefinite lives are tested for impairment at least annually and when events or changes in circumstances indicate that it is more likely than not that the asset is impaired.

(k) Revenue recognition

Insurance premiums for prospective property/casualty and health insurance and reinsurance are earned over the loss exposure or coverage period, in proportion to the level of protection provided. In most cases, premiums are recognized as revenues ratably over the term of the contract with unearned premiums computed on a monthly or daily pro-rata basis. Premiums for retroactive property/casualty reinsurance policies are earned at the inception of the contracts, as all of the underlying loss events covered by these policies occurred in the past. Premiums for life reinsurance and annuity contracts are earned when due. Premiums earned are stated net of amounts ceded to reinsurers. For contracts containing experience rating provisions, premiums are based upon estimated loss experience under the contracts.

Sales revenues derive from the sales of manufactured products and goods acquired for resale. Revenues from sales are recognized upon passage of title to the customer, which generally coincides with customer pickup, product delivery or acceptance, depending on terms of the sales arrangement.

Service revenues are recognized as the services are performed. Services provided pursuant to a contract are either recognized over the contract period or upon completion of the elements specified in the contract depending on the terms of the contract. Revenues related to the sales of fractional ownership interests in aircraft are recognized ratably over the term of the related management services agreement as the transfer of ownership interest in the aircraft is inseparable from the management services agreement.

Operating revenues of utilities and energy businesses resulting from the distribution and sale of natural gas and electricity to customers is recognized when the service is rendered or the energy is delivered. Revenues include unbilled as well as billed amounts. Rates charged are generally subject to federal and state regulation or established under contractual arrangements. When preliminary rates are permitted to be billed prior to final approval by the applicable regulator, certain revenue collected may be subject to refund and a liability for estimated refunds is recorded.

Railroad transportation revenues are recognized based upon the proportion of service provided as of the balance sheet date. Customer incentives, which are primarily provided for shipping a specified cumulative volume or shipping to/from specific locations, are recorded as a pro-rata reduction to revenue based on actual or projected future customer shipments When using projected shipments, we rely on historic trends as well as economic and other indicators to estimate the liability for customer incentives.

Notes to Consolidated Financial Statements *(Continued)*

(1) Significant accounting policies and practices *(Continued)*

(k) Revenue recognition (Continued)

Interest income from investments in fixed maturity securities and loans is earned under the interest method, which reflects accrual of interest due under terms of the agreements as well as amortization of acquisition premiums, accruable discounts and capitalized loan origination fees, as applicable. Dividends from equity securities are recognized when earned, which is usually on the ex-dividend date.

(l) Losses and loss adjustment expenses

Liabilities for losses and loss adjustment expenses are established under property/casualty insurance and reinsurance contracts issued by our insurance subsidiaries for losses that have occurred as of the balance sheet date. The liabilities for losses and loss adjustment expenses are recorded at the estimated ultimate payment amounts, except that amounts arising from certain workers' compensation reinsurance business are discounted. Estimated ultimate payment amounts are based upon (1) reports of losses from policyholders, (2) individual case estimates and (3) estimates of incurred but not reported losses.

Provisions for losses and loss adjustment expenses are charged to earnings after deducting amounts recovered and estimates of recoverable amounts under ceded reinsurance contracts. Reinsurance contracts do not relieve the ceding company of its obligations to indemnify policyholders with respect to the underlying insurance and reinsurance contracts.

The estimated liabilities of workers' compensation claims assumed under certain reinsurance contracts are discounted based upon an annual discount rate of 4.5% for claims arising prior to January 1, 2003 and 1% for claims arising thereafter, consistent with discount rates used under insurance statutory accounting principles. The change in such reserve discounts, including the periodic discount accretion is included in earnings as a component of losses and loss adjustment expenses.

(m) Deferred charges reinsurance assumed

The excess, if any, of the estimated ultimate liabilities for claims and claim settlement costs over the premiums earned with respect to retroactive property/casualty reinsurance contracts are established as deferred charges at inception of such contracts. Deferred charges are subsequently amortized using the interest method over the expected claim settlement periods. Changes to the estimated timing or amount of loss payments produce changes in periodic amortization. Changes in such estimates are applied retrospectively and are included in insurance losses and loss adjustment expenses in the period of the change. The unamortized balances are included in other assets and were $4,359 million and $4,019 million at December 31, 2013 and 2012, respectively.

(n) Insurance policy acquisition costs

With regards to insurance policies issued or renewed on or after January 1, 2012, incremental costs that are directly related to the successful acquisition of new or renewal of insurance contracts are capitalized, subject to ultimate recoverability, and are subsequently amortized to underwriting expenses as the related premiums are earned. Direct incremental acquisition costs include commissions, premium taxes, and certain other costs associated with successful efforts. All other underwriting costs are expensed as incurred Prior to January 1, 2012, in addition to these direct incremental costs, capitalized costs also included certain advertising and other costs that are no longer eligible to be capitalized. The recoverability of capitalized insurance policy acquisition costs generally reflects anticipation of investment income. The unamortized balances are included in other assets and were $1,601 million and $1,682 million at December 31, 2013 and 2012, respectively.

(p) Regulated utilities and energy businesses

Certain domestic energy subsidiaries prepare their financial statements in accordance with authoritative guidance for regulated operations, reflecting the economic effects of regulation from the ability to recover certain costs from customers and the requirement to return revenues to customers in the future through the regulated rate-setting process Accordingly, certain costs are deferred as regulatory assets and obligations are accrued as regulatory liabilities. These assets and liabilities will be amortized into operating expenses and revenues over various future periods. At December 31, 2013, our Consolidated Balance Sheet includes $3,515 million in regulatory assets and $2,665 million

Notes to Consolidated Financial Statements *(Continued)*

(1) Significant accounting policies and practices *(Continued)*

(p) Regulated utilities and energy businesses (Continued)

in regulatory liabilities. At December 31, 2012, our Consolidated Balance Sheet includes $2,909 million in regulatory assets and $1,813 million in regulatory liabilities. Regulatory assets and liabilities are components of other assets and other liabilities of utilities and energy businesses.

Regulatory assets and liabilities are continually assessed for probable future inclusion in regulatory rates by considering factors such as applicable regulatory or legislative changes and recent rate orders received by other regulated entities. If future inclusion in regulatory rates ceases to be probable, the amount no longer probable of inclusion in regulatory rates is charged or credited to earnings (or other comprehensive income, if applicable) or returned to customers.

(q) Life, annuity and health insurance benefits

The liability for insurance benefits under life contracts has been computed based upon estimated future investment yields, expected mortality, morbidity, and lapse or withdrawal rates and reflects estimates for future premiums and expenses under the contracts. These assumptions, as applicable, also include a margin for adverse deviation and may vary with the characteristics of the reinsurance contract's date of issuance, policy duration and country of risk. The interest rate assumptions used may vary by reinsurance contract or jurisdiction and generally range from approximately 3% to 7%. Annuity contracts are discounted based on the implicit rate of return as of the inception of the contracts and such interest rates range from approximately 1% to 7%.

(r) Foreign currency

The accounts of our non-U.S. based subsidiaries are measured in most instances using the local currency of the subsidiary as the functional currency. Revenues and expenses of these businesses are generally translated into U.S. Dollars at the average exchange rate for the period. Assets and liabilities are translated at the exchange rate as of the end of the reporting period. Gains or losses from translating the financial statements of foreign-based operations are included in shareholders' equity as a component of accumulated other comprehensive income. Gains and losses arising from transactions denominated in a currency other than the functional currency of the reporting entity are included in earnings.

(s) Income taxes

Berkshire files a consolidated federal income tax return in the United States, which includes our eligible subsidiaries. In addition, we file income tax returns in state, local and foreign jurisdictions as applicable. Provisions for current income tax liabilities are calculated and accrued on income and expense amounts expected to be included in the income tax returns for the current year. Income taxes reported in earnings also include deferred income tax provisions.

Deferred income taxes are calculated under the liability method. Deferred income tax assets and liabilities are computed on differences between the financial statement bases and tax bases of assets and liabilities at the enacted tax rates. Changes in deferred income tax assets and liabilities that are associated with components of other comprehensive income are charged or credited directly to other comprehensive income. Otherwise, changes in deferred income tax assets and liabilities are included as a component of income tax expense. The effect on deferred income tax assets and liabilities attributable to changes in enacted tax rates are charged or credited to income tax expense in the period of enactment. Valuation allowances are established for certain deferred tax assets where realization is not likely.

Assets and liabilities are established for uncertain tax positions taken or positions expected to be taken in income tax returns when such positions are judged to not meet the "more-likely-than-not" threshold based on the technical merits of the positions. Estimated interest and penalties related to uncertain tax positions are generally included as a component of income tax expense.

(t) New accounting pronouncements adopted in 2013

In February 2013, the FASB issued ASU 2013-02, "Reporting of Amounts Reclassified Out of Accumulated Other Comprehensive Income." ASU 2013-02 requires additional disclosures concerning the amounts reclassified out of each component of accumulated other comprehensive income and into net earnings during the reporting period. We adopted ASU 2013-02 on January 1, 2013 and the required disclosures are included in Note 20.

Notes to Consolidated Financial Statements *(Continued)*

(1) Significant accounting policies and practices *(Continued)*

(i) New accounting pronouncements adopted in 2013 (Continued)

In December 2011, the FASB issued ASU 2011-11, "Disclosures about Offsetting Assets and Liabilities" and in January 2013, the FASB issued ASU 2013-01, "Clarifying the Scope of Disclosures about Offsetting Assets and Liabilities." ASU 2011-11, as clarified, applies to derivatives, repurchase agreements and securities lending transactions and requires companies to disclose gross and net information about financial instruments and derivatives eligible for offset and to disclose financial instruments and derivatives subject to master netting arrangements in financial statements. In July 2012, the FASB issued ASU 2012-02, "Testing Indefinite-Lived Intangible Assets for Impairment." ASU 2012-02 allows an entity to first assess qualitative factors in determining whether it is more-likely-than not that an indefinite-lived intangible asset is impaired, and if certain criteria are met, permits the entity to forego performing a quantitative impairment test. ASU's 2011-11 and 2012-02 were adopted on January 1, 2013 and had an immaterial effect on our Consolidated Financial Statements.

(ii) New accounting pronouncements to be adopted subsequent to December 31, 2013

In February 2013, the FASB issued ASU 2013-04, "Obligations Resulting from Joint and Several Liability Arrangements for Which the Total Amount of the Obligation Is Fixed at the Reporting Date." ASU 2013-04 requires an entity to measure obligations resulting from joint and several liability arrangements for which the total amount of the obligation is fixed at the reporting date as the amount the reporting entity agreed to pay plus additional amounts the reporting entity expects to pay on behalf of its co-obligors. ASU 2013-04 is effective for interim and annual reporting periods beginning after December 15, 2013.

In January 2014, the FASB issued ASU 2014-01 "Accounting for Investments in Qualified Affordable Housing Tax Credits." ASU 2014-01 permits an entity to elect the proportional amortization method of accounting for limited liability investments in qualified affordable housing projects if certain criteria are met. Under the proportional amortization method, the investment is amortized in proportion to the tax benefits received and the amortization charge is reported as a component of income tax expense. ASU 2014-01 is effective for fiscal years beginning after December 15, 2014 with early adoption permitted. If elected, the proportional amortization method is required to be applied retrospectively. We are currently evaluating the effect these standards will have on our Consolidated Financial Statements.

(2) Significantbusiness acquisitions

Our long-held acquisition strategy is to acquire businesses at sensible prices that have consistent earning power, good returns on equity and able and honest management.

On December 19, 2013, MidAmerican acquired NV Energy, Inc. ("NV Energy"), an energy holding company serving approximately 1.2 million electric and 0.2 million retail natural gas customers in Nevada. NV Energy's principal operating subsidiaries, Nevada Power Company and Sierra Pacific Power Company, are regulated utilities. Under the terms of the acquisition agreement, MidAmerican acquired all outstanding shares of NV Energy's common stock for approximately $5.6 billion. We accounted for the acquisition pursuant to the acquisition method. NV Energy's financial results are included in our Consolidated Financial Statements beginning on the acquisition date.

The following table sets forth certain unaudited pro forma consolidated earnings data for 2013 and 2012, as if the NV Energy acquisition was consummated on the same terms at the beginning of 2012 (in millions, except per share amounts).

	December 31,	
	2013	2012
Revenues	$185,095	$165,312
Net earnings attributable to Berkshire Hathaway shareholders	19,720	15,010
Net earnings per equivalent Class A common share attributable to Berkshire Hathaway shareholders	11,998	9,090

Notes to Consolidated Financial Statements *(Continued)*

(2) Significant business acquisitions *(Continued)*

The following table summarizes the preliminary fair values of the assets acquired and liabilities assumed at the date of acquisition for NV Energy (in millions).

	December 19, 2013
Property, plant and equipment	$ 9,623
Goodwill	2,280
Other assets, including cash of $304 million	2,369
Assets acquired	$ 14,272
Accounts payable, accruals and other liabilities	$ 3,380
Notes payable and other borrowings	5,296
Liabilities assumed	$ 8,676
Net assets acquired	$ 5,596

In September 2011, Berkshire acquired The Lubrizol Corporation ("Lubrizol") pursuant to an agreement under which we acquired all of the outstanding shares of Lubrizol common stock for cash of approximately $8.7 billion. Lubrizol, based in Cleveland, Ohio, is an innovative specialty chemical company that produces and supplies technologies to customers in the global transportation, industrial and consumer markets. These technologies include additives for engine oils, other transportation-related fluids and industrial lubricants, as well as additives for gasoline and diesel fuel. In addition, Lubrizol makes ingredients and additives for personal care products and pharmaceuticals; specialty materials, including plastics; and performance coatings. Lubrizol's industry-leading technologies in additives, ingredients and compounds enhance the quality, performance and value of customers' products, while reducing their environmental impact. We accounted for the Lubrizol acquisition pursuant to the acquisition method. Lubrizol's financial results are included in our Consolidated Financial Statements beginning as of the acquisition date.

In 2012 and 2013, we also completed several smaller-sized business acquisitions, most of which were considered as "bolt-on" acquisitions to several of our existing business operations. Aggregate consideration paid for business acquisitions for 2013 was approximately $1.1 billion and for 2012 was approximately $3.2 billion, which included $438 million for entities that will develop, construct and subsequently operate renewable energy generation facilities. We do not believe that these acquisitions were material, individually or in the aggregate, to our Consolidated Financial Statements.

Notes to Consolidated Financial Statements *(Continued)*

(3) Investments in fixed maturity securities

Investments in securities with fixed maturities as of December 31, 2013 and 2012 are summarized by type below (in millions).

	Amortized Cost	Unrealized Gains	Unrealized Losses	Fair Value	Carrying Value
December 31, 2013					
Available for sale:					
U.S. Treasury, U.S. government corporations and agencies	$ 2,650	$ 16	$ (8)	$ 2,658	$ 2,658
States, municipalities and political subdivisions	2,221	129	(5)	2,345	2,345
Foreign governments	11,001	182	(110)	11,073	11,073
Corporate bonds	9,383	1,190	(15)	10,558	10,558
Mortgage-backed securities	1,830	218	(8)	2,040	2,040
	27,085	1,735	(146)	28,674	28,674
Held to maturity:					
Wm. Wrigley Jr. Company notes	679	17	—	696	679
	$ 27,764	$ 1,752	$ (146)	$ 29,370	$ 29,353
December 31, 2012					
Available for sale:					
U.S. Treasury, U.S. government corporations and agencies	$ 2,742	$ 33	$ —	$ 2,775	$ 2,775
States, municipalities and political subdivisions	2,735	178	—	2,913	2,913
Foreign governments	11,098	302	(45)	11,355	11,355
Corporate bonds	10,410	2,254	(3)	12,661	12,661
Mortgage-backed securities	2,276	318	(7)	2,587	2,587
	29,261	3,085	(55)	32,291	32,291
Held to maturity:					
Wm. Wrigley Jr. Company notes	5,259	875	—	6,134	5,259
	$ 34,520	$ 3,960	$ (55)	$ 38,425	$ 37,550

Investments in fixed maturity securities are reflected in our Consolidated Balance Sheets as follows (in millions).

	December 31,	
	2013	2012
Insurance and other	$ 28,785	$ 36,708
Finance and financial products	568	842
	$ 29,353	$ 37,550

In 2008, we acquired $4.4 billion par amount of 11.45% Wm. Wrigley Jr. Company ("Wrigley") subordinated notes originally due in 2018 in conjunction with Mars, Incorporated's ("Mars") acquisition of Wrigley. On August 30, 2013, the subordinated note agreement was amended to permit a repurchase of all of the Wrigley subordinated notes on October 1, 2013 at a price of 115.45% of par and on that date the subordinated notes were repurchased for $5.08 billion, plus accrued interest. The subordinated notes were previously classified as held-to-maturity. In 2009, we also acquired Wrigley 5% senior notes, which are due in December 2014. The Wrigley senior notes are classified as held-to-maturity.

Investments in foreign government securities include securities issued by national and provincial government entities as well as instruments that are unconditionally guaranteed by such entities. As of December 31, 2013, approximately 94% of foreign government holdings were rated AA or higher by at least one of the major rating agencies and securities issued or guaranteed by the United Kingdom, Germany, Australia, Canada and The Netherlands represented 78% of these investments. Unrealized losses on all fixed maturity investments in a continuous unrealized loss position for more than twelve consecutive months were $26 million as of December 31, 2013 and $9 million as of December 31, 2012.

Notes to Consolidated Financial Statements *(Continued)*

(3) Investments in fixed maturity securities *(Continued)*

The amortized cost and estimated fair value of securities with fixed maturities at December 31, 2013 are summarized below by contractual maturity dates. Actual maturities will differ from contractual maturities because issuers of certain of the securities retain early call or prepayment rights. Amounts are in millions.

	Due in one year or less	Due after one year through five years	Due after five years through ten years	Due after ten years	Mortgage-backed securities	Total
Amortized cost	$ 8,371	$ 11,022	$ 3,601	$2,940	$ 1,830	$27,764
Fair value	8,499	11,499	4,021	3,311	2,040	29,370

(4) Investments in equity securities

Investments in equity securities as of December 31, 2013 and 2012 are summarized based on the primary industry of the investee in the table below (in millions).

	Cost Basis	Unrealized Gains	Unrealized Losses	Fair Value
December 31, 2013 *				
Banks, insurance and finance	$ 22,420	$ 28,021	$ —	$ 50,441
Consumer products	7,082	17,854	—	24,936
Commercial, industrial and other	29,949	12,322	(143)	42,128
	$59,451	$58,197	$ (143)	$117,505

* *As of December 31, 2013, approximately 55% of the aggregate fair value was concentrated in the equity securities of four companies (American Express Company—$13.8 billion; Wells Fargo & Company—$21.9 billion; International Business Machines Corporation—$12.8 billion; and The Coca-Cola Company—$16.5 billion).*

	Cost Basis	Unrealized Gains	Unrealized Losses	Fair Value
December 31, 2012 *				
Banks, insurance and finance	$ 19,350	$ 14,753	$ (203)	$ 33,900
Consumer products	7,546	14,917	—	22,463
Commercial, industrial and other	24,586	7,687	(290)	31,983
	$ 51,482	$ 37,357	$ (493)	$88,346

* *As of December 31, 2012, approximately 59% of the aggregate fair value was concentrated in the equity securities of four companies (American Express Company—$8.7 billion; Wells Fargo & Company—$15.6 billion; International Business Machines Corporation—$13.0 billion; and The Coca-Cola Company—$14.5 billion).*

In 2008, we acquired 50,000 shares of 10% Cumulative Perpetual Preferred Stock of The Goldman Sachs Group, Inc. ("GS") ("GS Preferred") and warrants to purchase 43,478,260 shares of common stock of GS ("GS Warrants") for a combined cost of $5 billion In 2008, we also acquired 30,000 shares of 10% Cumulative Perpetual Preferred Stock of General Electric ("GE") ("GE Preferred") and warrants to purchase 134,831,460 shares of common stock of GE ("GE Warrants") for a combined cost of $3 billion. The GS Preferred and GE Preferred shares were redeemed by GS and GE in 2011. When originally issued, the GS Warrants were exercisable until October 1, 2013 for an aggregate cost of $5 billion ($115/share), and the GE Warrants were exercisable until October 16, 2013 for an aggregate cost of $3 billion ($22.25/share). In the first quarter of 2013, the terms of the GE Warrants and the GS Warrants were amended to provide solely for cashless exercises, whereupon we would receive shares of GS and GE common stock based on the excess, if any, of the market prices, as defined, over the exercise prices, without payment of additional consideration. The warrants were exercised in October 2013 and we received 13,062,594 shares of GS common stock and 10,710,644 shares of GE common stock. Our investments in the GS Warrants and GE Warrants and the common stock received upon the exercises of these warrants are included in the preceding tables.

As of December 31, 2013 and 2012, we concluded that there were no unrealized losses that were other than temporary. Our conclusions were based on: (a) our ability and intent to hold the securities to recovery; (b) our assessment that the underlying business and financial condition of each of these issuers was favorable; (c) our opinion that the relative price declines were not

Notes to Consolidated Financial Statements *(Continued)*

(4) Investments in equity securities *(Continued)*

significant; and (d) our belief that market prices will increase to and exceed our cost. As of December 31, 2013 and 2012, unrealized losses on equity securities in a continuous unrealized loss position for more than twelve consecutive months were $52 million and $45 million, respectively.

Investments in equity securities are reflected in our Consolidated Balance Sheets as follows (in millions).

	December 31,	
	2013	2012
Insurance and other	$115,464	$87,081
Railroad, utilities and energy *	1,103	675
Finance and financial products	938	590
	$117,505	$88,346

* *Included in other assets.*

(5) Otherinvestments

Other investments include preferred stock of Wrigley, The Dow Chemical Company ("Dow") and Bank of America Corporation ("BAC") as well as warrants to purchase common stock of BAC. Information concerning each of these investments follows.

In 2008, we acquired $2.1 billion liquidation amount of Wrigley preferred stock in conjunction with Mars' acquisition of Wrigley. The Wrigley preferred stock is entitled to dividends at a rate of 5% per annum. This investment is included in our Finance and Financial Products businesses.

In 2009, we acquired 3,000,000 shares of Series A Cumulative Convertible Perpetual Preferred Stock of Dow ("Dow Preferred") for a cost of $3 billion. Each share of the Dow Preferred is convertible into 24.201 shares of Dow common stock (equivalent to a conversion price of $41.32 per share). Beginning in April 2014, Dow shall have the right, at its option, to cause some or all of the Dow Preferred to be converted into Dow common stock at the then applicable conversion rate, if Dow's common stock price exceeds $53.72 per share for any 20 trading days in a consecutive 30-day window ending on the day before Dow exercises its option. The Dow Preferred is entitled to dividends at a rate of 8.5% per annum. The Dow Preferred is included in our Insurance and Other businesses.

In 2011, we acquired 50,000 shares of 6% Cumulative Perpetual Preferred Stock of BAC ("BAC Preferred") and warrants to purchase 700,000,000 shares of common stock of BAC ("BAC Warrants") for a combined cost of $5 billion. The BAC Preferred is redeemable at any time by BAC at a price of $105,000 per share ($5.25 billion in aggregate). The BAC Warrants expire in 2021 and are exercisable for an additional aggregate cost of $5 billion ($7.142857/share). The BAC Preferred and BAC Warrants are included in our Insurance and Other businesses (80%) and our Finance and Financial Products businesses (20%).

Our other investments are classified as available-for-sale and are carried at fair value. In the aggregate, the cost of these investments was approximately $10.0 billion and the fair value was approximately $17.9 billion and $15.1 billion at December 31, 2013 and 2012, respectively.

(6) Investmentsin H.J. Heinz Holding Corporation

On June 7, 2013, Berkshire and an affiliate of the global investment firm 3G Capital (such affiliate, "3G"), through a newly formed holding company, H.J. Heinz Holding Corporation ("Heinz Holding"), acquired H.J. Heinz Company ("Heinz"). Berkshire and 3G each made equity investments in Heinz Holding, which, together with debt financing obtained by Heinz Holding, was used to acquire all outstanding common stock of Heinz for approximately $23.25 billion in the aggregate.

Heinz is one of the world's leading marketers and producers of healthy, convenient and affordable foods specializing in ketchup, sauces, meals, soups, snacks and infant nutrition. Heinz is a global family of leading branded products, including Heinz ® Ketchup, sauces, soups, beans, pasta, infant foods, Ore-Ida® potato products, Weight Watchers® Smart Ones® entrées and T.G.I. Friday's® snacks.

Notes to Consolidated Financial Statements *(Continued)*

(6) Investments in H.J. Heinz Holding Corporation (Continued)

Berkshire's investments in Heinz Holding consist of 425 million shares of common stock, warrants to acquire approximately 46 million additional shares of common stock, and cumulative compounding preferred stock ("Preferred Stock") with a liquidation preference of $8 billion. The aggregate cost of these investments was $12.25 billion. 3G acquired 425 million shares of Heinz Holding common stock for $4.25 billion. In addition, Heinz Holding reserved 39.6 million shares of common stock for issuance under stock options.

The Preferred Stock possesses no voting rights except as required by law or for certain matters specified in the Heinz Holding charter. The Preferred Stock is entitled to dividends at 9% per annum whether or not declared, is senior in priority to the common stock and is callable after June 7, 2016 at the liquidation value plus an applicable premium and any accrued and unpaid dividends. Under the Heinz Holding charter and a shareholders' agreement entered into as of the acquisition date (the "shareholders' agreement"), after June 7, 2021, Berkshire can cause Heinz Holding to attempt to sell shares of common stock through public offerings or other issuances ("redemption offerings"), the proceeds of which would be required to be used to redeem any outstanding shares of Preferred Stock. The warrants are exercisable for one cent per share and expire on June 7, 2018.

Berkshire and 3G each currently own 50% of the outstanding shares of common stock and possess equal voting interests in Heinz Holding. Under the shareholders' agreement, unless and until Heinz Holding engages in a public offering, Berkshire and 3G each must approve all significant transactions and governance matters involving Heinz Holding and Heinz so long as Berkshire and 3G each continue to hold at least 66% of their initial common stock investments, except for (i) the declaration and payment of dividends on the Preferred Stock, and actions related to a Heinz Holding call of the Preferred Stock, for which Berkshire does not have a vote or approval right, and (ii) redemption offerings and redemptions resulting therefrom, which may only be triggered by Berkshire. No dividends may be paid on the common stock if there are any unpaid dividends on the Preferred Stock.

We are accounting for our investments in Heinz Holding common stock and common stock warrants on the equity method. Accordingly, we have included our proportionate share of net earnings attributable to common stockholders and other comprehensive income in our Consolidated Statements of Earnings and Comprehensive Income beginning as of June 7, 2013. We have concluded that our investment in Preferred Stock represents an equity investment and it is carried at cost in our Consolidated Balance Sheet. The combined carrying value of our investments in Heinz Holding was $12.1 billion as of December 31, 2013. Dividends earned in connection with the Preferred Stock and our share of Heinz Holding's net loss attributable to common stockholders are included in interest, dividend and other investment income of Insurance and Other in the Consolidated Statement of Earnings.

Summarized consolidated financial information of Heinz Holding and its subsidiaries follows (in millions)

	As of December 29, 2013
Assets	$ 38,972
Liabilities	22,429

	For the period June 7, 2013 through December 29, 2013
Sales	$ 6,240
Net loss	$ (77)
Preferred stock dividends earned by Berkshire	(408)
Net loss attributable to common stockholders	$ (485)
Earnings attributable to Berkshire *	$ 153

* *Includes dividends earned less Berkshire's share of net loss attributable to common stockholders.*

Notes to Consolidated Financial Statements *(Continued)*

(7) *Investment gains/losses*

Investment gains/losses, including other-than-temporary impairment ("OTTI") losses, for each of the three years ending December 31, 2013 are summarized below (in millions).

	2013	2012	2011
Fixed maturity securities—			
Gross gains from sales and other disposals	$1,783	$ 188	$ 310
Gross losses from sales and other disposals	(139)	(354)	(10)
Equity securities—			
Gross gains from sales and redemptions	1,253	1,468	1,889
Gross losses from sales and redemptions	(62)	(12)	(36)
OTTI losses	(228)	(337)	(908)
Other	1,458	509	29
	$4,065	$1,462	$ 1,274

Investment gains from fixed maturity investments in 2013 included a gain of $680 million related to Mars/Wrigley's repurchase of the Wrigley subordinated notes as well as gains from the dispositions and conversions of corporate bonds. Other investment gains/losses in 2013 included $1.4 billion related to the changes in the valuations of the GE and GS warrants. Investment gains from equity securities in 2011 included $1.8 billion with respect to the redemptions of our GS and GE preferred stock investments.

We record investments in equity and fixed maturity securities classified as available-for-sale at fair value and record the difference between fair value and cost in other comprehensive income. OTTI losses recognized in earnings represent reductions in the cost basis of the investment, but not the fair value. Accordingly, such losses that are included in earnings are generally offset by a corresponding credit to other comprehensive income and therefore have no net effect on shareholders' equity as of the balance sheet date.

We recorded OTTI losses on bonds issued by Texas Competitive Electric Holdings ("TCEH") of $228 million in 2013, $337 million in 2012 and $390 million in 2011. In 2011, OTTI losses also included $337 million with respect to 103.6 million shares of our investment in Wells Fargo & Company ("Wells Fargo") common stock. These shares had an aggregate original cost of $3.6 billion. On March 31, 2011, when we recorded the losses, we also held an additional 255.4 million shares of Wells Fargo which were acquired at an aggregate cost of $4.4 billion and which had unrealized gains of $3.7 billion. However, the unrealized gains were not reflected in earnings but were instead recorded directly in shareholders' equity as a component of accumulated other comprehensive income.

(8) Receivables

Receivables of insurance and other businesses are comprised of the following (in millions).

	December 31,	
	2013	2012
Insurance premiums receivable	$ 7,474	$ 7,845
Reinsurance recoverable on unpaid losses	3,055	2,925
Trade and other receivables	10,328	11,369
Allowances for uncollectible accounts	(360)	(386)
	$20,497	$21,753

Loans and finance receivables of finance and financial products businesses are comprised of the following (in millions).

	December 31,	
	2013	2012
Consumer installment loans, commercial loans and finance receivables	$ 13,170	$ 13,170
Allowances for uncollectible loans	(344)	(361)
	$12,826	$12,809

Notes to Consolidated Financial Statements *(Continued)*

(8) Receivables *(Continued)*

Consumer installment loans represent approximately 95% and 96% of the aggregate consumer installment loans, commercial loans and finance receivables as of December 31, 2013 and 2012, respectively. Allowances for uncollectible loans predominantly relate to consumer installment loans. Provisions for loan losses for 2013 and 2012 were $249 million and $312 million, respectively. Loan charge-offs, net of recoveries, were $266 million in 2013 and $339 million in 2012. Loan amounts are net of unamortized acquisition discounts of $406 million at December 31, 2013 and $459 million at December 31, 2012. At December 31, 2013, approximately 94% of the loan balances were evaluated collectively for impairment, and the remainder were evaluated individually for impairment. As a part of the evaluation process, credit quality indicators are reviewed and loans are designated as performing or non-performing. At December 31, 2013, approximately 98% of the loan balances were determined to be performing and approximately 93% of those balances were current as to payment status.

(9) Inventories

Inventories are comprised of the following (in millions).

	December 31,	
	2013	2012
Raw materials	$ 1,827	$ 1,699
Work in process and other	849	883
Finished manufactured goods	3,212	3,187
Goods acquired for resale	4,057	3,906
	$ 9,945	$ 9,675

(10) Property, plant and equipment

Property, plant and equipment of our insurance and other businesses is comprised of the following (in millions).

	Ranges of estimated useful life	December 31,	
		2013	2012
Land	—	$ 1,115	$ 1,048
Buildings and improvements	2 – 40 years	6,456	6,074
Machinery and equipment	3 – 25 years	16,422	15,436
Furniture, fixtures and other	2 – 15 years	2,753	2,736
Assets held for lease	12 – 30 years	7,249	6,731
		33,995	32,025
Accumulated depreciation		(14,263)	(12,837)
		$ 19,732	$ 19,188

Assets held for lease consist primarily of railroad tank cars, intermodal tank containers and other equipment in the transportation and equipment services businesses. As of December 31, 2013, the minimum future lease rentals to be received on assets held for lease (including rail cars leased from others) were as follows (in millions): 2014 – $855; 2015 – $709; 2016 – $559; 2017 – $405; 2018 – $253; and thereafter – $333.

Notes to Consolidated Financial Statements *(Continued)*

(10) Property, plant and equipment *(Continued)*

Property, plant and equipment of our railroad and our utilities and energy businesses is comprised of the following (in millions).

	Ranges of estimated useful life	December 31, 2013	December 31, 2012
Railroad:			
Land	—	$ 5,973	$ 5,950
Track structure and other roadway	5 – 100 years	40,098	38,255
Locomotives, freight cars and other equipment	5 – 37 years	7,551	6,528
Construction in progress	—	973	963
Utilities and energy:			
Utility generation, distribution and transmission system	5 – 80 years	57,490	42,682
Interstate pipeline assets	3 – 80 years	6,448	6,354
Independent power plants and other assets	3 – 30 years	2,516	1,860
Construction in progress	—	4,217	2,647
		125,266	105,239
Accumulated depreciation		(22,784)	(17,555)
		$ 102,482	$ 87,684

Railroad property, plant and equipment includes the land, other roadway, track structure and rolling stock (primarily locomotives and freight cars) of BNSF. The utility generation, distribution and transmission system and interstate pipeline assets are the regulated assets of public utility and natural gas pipeline subsidiaries. Utility and energy net property, plant and equipment at December 31, 2013 included approximately $9.6 billion attributable to NV Energy, which was acquired on December 19, 2013.

(11) Goodwill and other intangible assets

A reconciliation of the change in the carrying value of goodwill is as follows (in millions).

	December 31, 2013	December 31, 2012
Balance at beginning of year	$54,523	$53,213
Acquisitions of businesses	2,732	1,442
Other, including foreign currency translation	(244)	(132)
Balance at end of year	$57,011	$54,523

Intangible assets other than goodwill are included in other assets and are summarized as follows (in millions).

	December 31, 2013		December 31, 2012	
	Gross carrying amount	Accumulated amortization	Gross carrying amount	Accumulated amortization
Insurance and other	$ 11,923	$ 3,723	$ 11,737	$ 2,994
Railroad, utilities and energy	2,214	1,231	2,163	913
	$ 14,137	$ 4,954	$ 13,900	$ 3,907
Trademarks and trade names	$ 2,750	$ 340	$ 2,819	$ 278
Patents and technology	5,173	2,626	5,014	2,059
Customer relationships	4,690	1,518	4,565	1,155
Other	1,524	470	1,502	415
	$ 14,137	$ 4,954	$ 13,900	$ 3,907

Notes to Consolidated Financial Statements *(Continued)*

(11) Goodwill and other intangible assets *(Continued)*

Amortization expense was $1,090 million in 2013, $1,008 million in 2012 and $809 million in 2011. Estimated amortization expense over the next five years is as follows (in millions): 2014 – $1,052; 2015 – $752; 2016 – $692; 2017 – $648 and 2018 – $635. Intangible assets with indefinite lives as of December 31, 2013 and 2012 were $2,221 million and $2,328 million, respectively.

(12) Derivative contracts

Derivative contracts have been entered into primarily by our finance and financial products and our energy businesses. Substantially all of the derivative contracts of our finance and financial products businesses are not designated as hedges for financial reporting purposes. Changes in the fair values of such contracts are reported in earnings as derivative gains/losses. We entered into these contracts with the expectation that the premiums received would exceed the amounts ultimately paid to counterparties. A summary of derivative contracts of our finance and financial products businesses follows (*in millions*).

	December 31, 2013			December 31, 2012		
	Assets [3]	Liabilities	Notional Value	Assets [3]	Liabilities	Notional Value
Equity index put options	$ —	$4,667	$32,095[1]	$ —	$7,502	$ 33,357[1]
Credit default	—	648	7,792[2]	41	429	11,691[2]
Other, principally interest rate and foreign currency	—	16		130	2	
	$ —	$ 5,331		$ 171	$7,933	

[1] *Represents the aggregate undiscounted amount payable at the contract expiration dates assuming that the value of each index is zero at each contract's expiration date.*

[2] *Represents the maximum undiscounted future value of losses payable under the contracts, if all underlying issuers default and the residual value of the specified obligations is zero.*

[3] *Included in other assets of finance and financial products businesses*

Derivative gains/losses of our finance and financial products businesses included in our Consolidated Statements of Earnings were as follows (in millions).

	2013	2012	2011
Equity index put options	$2,843	$ 997	$(1,787)
Credit default	(213)	894	(251)
Other, principally interest rate and foreign currency	(22)	72	(66)
	$2,608	$1,963	$ (2,104)

We have written no new equity index put option contracts since February 2008. The currently outstanding contracts are European style options written on four major equity indexes. Future payments, if any, under any given contract will be required if the underlying index value is below the strike price at the contract expiration date. We received the premiums on these contracts in full at the contract inception dates and therefore have no counterparty credit risk.

The aggregate intrinsic value (which is the undiscounted liability assuming the contracts are settled based on the index values and foreign currency exchange rates as of the balance sheet date) of our equity index put option contracts was approximately $1.7 billion at December 31, 2013 and $3.9 billion at December 31, 2012. However, these contracts may not be unilaterally terminated or fully settled before the expiration dates which occur between June 2018 and January 2026. Therefore, the ultimate amount of cash basis gains or losses on these contracts will not be determined for many years. The remaining weighted average life of all contracts was approximately 7.0 years at December 31, 2013.

Prior to March 2009, credit default contracts were written on various indexes of non-investment grade (or "high yield") corporate issuers, as well as investment grade corporate and state/municipal debt issuers. These contracts cover the loss in value of specified debt obligations of the issuers arising from default events, which are usually from their failure to make payments or bankruptcy. Loss amounts are subject to contract limits. During 2013, all of our remaining high yield and investment grade corporate issuer contracts expired.

Notes to Consolidated Financial Statements *(Continued)*

(12) Derivative contracts *(Continued)*

At December 31, 2013 our remaining credit default contract exposures relate to more than 500 municipal debt issues with maturities ranging from 2019 to 2054 and that have an aggregate notional value of approximately $7.8 billion. The underlying debt issues have a weighted average maturity of approximately 17.75 years. Pursuant to the contract terms, future loss payments, if any, cannot be settled before the maturity dates of the underlying obligations. We have no counterparty credit risk under these contracts because all premiums were received at the inception of the contracts.

A limited number of our equity index put option contracts contain collateral posting requirements with respect to changes in the fair value or intrinsic value of the contracts and/or a downgrade of Berkshire's credit ratings. As of December 31, 2013, we did not have any collateral posting requirements and at December 31, 2012, our posting requirements were $40 million. If Berkshire's credit ratings (currently AA from Standard & Poor's and Aa2 from Moody's) are downgraded below either A- by Standard & Poor's or A3 by Moody's, additional collateral of up to $1.1 billion could be required to be posted.

Our regulated utility subsidiaries are exposed to variations in the prices of fuel required to generate electricity, wholesale electricity purchased and sold and natural gas supplied for customers. Derivative instruments, including forward purchases and sales, futures, swaps and options, are used to manage a portion of these price risks. Derivative contract assets are included in other assets of railroad, utilities and energy businesses and were $87 million and $49 million as of December 31, 2013 and December 31, 2012, respectively. Derivative contract liabilities are included in accounts payable, accruals and other liabilities of railroad, utilities and energy businesses and were $208 million and $234 million as of December 31, 2013 and December 31, 2012, respectively. Unrealized gains and losses under the contracts of our regulated utilities that are probable of recovery through rates are recorded as regulatory assets or liabilities. Unrealized gains or losses on contracts accounted for as cash flow or fair value hedges are recorded in other comprehensive income or in net earnings, as appropriate.

(13) Supplemental cash flow information

A summary of supplemental cash flow information for each of the three years ending December 31, 2013 is presented in the following table (in millions).

	2013	2012	2011
Cash paid during the period for:			
Income taxes	$ 5,401	$4,695	$2,885
Interest:			
Insurance and other businesses	375	352	243
Railroad, utilities and energy businesses	1,958	1,829	1,821
Finance and financial products businesses	541	620	662
Non-cash investing and financing activities:			
Liabilities assumed in connection with business acquisitions	9,224	1,751	5,836
Common stock issued in the acquisition of noncontrolling interests	—	—	245
Borrowings assumed in connection with certain property, plant and equipment additions	—	406	647

Notes to Consolidated Financial Statements *(Continued)*

(14) Unpaid losses and loss adjustment expenses

The liabilities for unpaid losses and loss adjustment expenses are based upon estimates of the ultimate claim costs associated with property and casualty claim occurrences as of the balance sheet dates including estimates for incurred but not reported ("IBNR") claims. Considerable judgment is required to evaluate claims and establish estimated claim liabilities. A reconciliation of the changes in liabilities for unpaid losses and loss adjustment expenses of our property/casualty insurance subsidiaries for each of the three years ending December 31, 2013 is as follows (in millions).

	2013	2012	2011
Unpaid losses and loss adjustment expenses:			
Gross liabilities at beginning of year	$ 64,160	$ 63,819	$ 60,075
Ceded losses and deferred charges at beginning of year	(6,944)	(7,092)	(6,545)
Net balance at beginning of year	57,216	56,727	53,530
Incurred losses recorded during the year:			
Current accident year	23,027	22,239	23,031
Prior accident years	(1,752)	(2,126)	(2,202)
Total incurred losses	21,275	20,113	20,829
Payments during the year with respect to:			
Current accident year	(10,154)	(9,667)	(9,269)
Prior accident years	(10,978)	(10,628)	(8,854)
Total payments	(21,132)	(20,295)	(18,123)
Unpaid losses and loss adjustment expenses:			
Net balance at end of year	57,359	56,545	56,236
Ceded losses and deferred charges at end of year	7,414	6,944	7,092
Foreign currency translation adjustment	93	186	(100)
Business acquisitions	—	485	591
Gross liabilities at end of year	$64,866	$ 64,160	$63,819

Incurred losses recorded during the current year but attributable to a prior accident year ("prior accident years") reflect the amount of estimation error charged or credited to earnings in each calendar year with respect to the liabilities established as of the beginning of that year. Incurred losses shown in the preceding table include the impact of deferred charge assets established in connection with retroactive reinsurance contracts and discounting of certain assumed workers' compensation liabilities. Deferred charge and loss discount balances represent time value discounting of the related ultimate estimated claim liabilities.

Before the effects of deferred charges and loss discounting, we reduced the beginning of the year net losses and loss adjustment expenses liability by $1.938 million in 2013, $2,507 million in 2012 and $2,780 million in 2011. In each of the years, the reduction primarily derived from reinsurance assumed business and from private passenger auto and medical malpractice coverages. The reductions in liabilities related to reinsurance assumed business, excluding retroactive reinsurance, were attributable to generally lower than expected reported losses from ceding companies with respect to both property and casualty coverages. Individual underlying claim counts and average amounts per claim are not utilized by our reinsurance assumed businesses because clients do not consistently provide reliable data in sufficient detail. In 2013, we increased liabilities under retroactive reinsurance contracts by approximately $300 million primarily due to net increases in asbestos and environmental liabilities. In 2011, we recorded a $1.1 billion reduction in retroactive reinsurance liabilities primarily due to lower than expected losses under one contract. The reductions in private passenger auto liabilities reflected lower than previously anticipated bodily injury and personal injury protection severities. The reductions in medical malpractice liabilities reflected lower than originally anticipated claims frequencies and severities. Accident year loss estimates are regularly adjusted to consider emerging loss development patterns of prior years' losses, whether favorable or unfavorable.

Incurred losses for prior accident years also include charges associated with the changes in deferred charge balances related to retroactive reinsurance contracts incepting prior to the beginning of the year and net discounts recorded on liabilities for certain workers' compensation claims. The aggregate charges included in prior accident years' incurred losses were $186 million in 2013, $381 million in 2012 and $578 million in 2011. Net discounted workers' compensation liabilities at December 31, 2013 and 2012 were $2,066 million and $2,155 million, respectively, reflecting net discounts of $1,866 million and $1,990 million, respectively.

Notes to Consolidated Financial Statements *(Continued)*

(14) Unpaid losses and loss adjustment expenses *(Continued)*

We are exposed to environmental, asbestos and other latent injury claims arising from insurance and reinsurance contracts. Liability estimates for environmental and asbestos exposures include case basis reserves and also reflect reserves for legal and other loss adjustment expenses and IBNR reserves. IBNR reserves are based upon our historic general liability exposure base and policy language, previous environmental loss experience and the assessment of current trends of environmental law, environmental cleanup costs, asbestos liability law and judgmental settlements of asbestos liabilities.

The liabilities for environmental, asbestos and other latent injury claims and claims expenses net of reinsurance recoverables were approximately $13.7 billion at December 31, 2013 and $14.0 billion at December 31, 2012. These liabilities included approximately $11.9 billion at December 31, 2013 and $12.4 billion at December 31, 2012 of liabilities assumed under retroactive reinsurance contracts. Liabilities arising from retroactive contracts with exposure to claims of this nature are generally subject to aggregate policy limits. Thus, our exposure to environmental and other latent injury claims under these contracts is, likewise, limited. We monitor evolving case law and its effect on environmental and other latent injury claims. Changing government regulations, newly identified toxins, newly reported claims, new theories of liability, new contract interpretations and other factors could result in significant increases in these liabilities. Such development could be material to our results of operations. We are unable to reliably estimate the amount of additional net loss or the range of net loss that is reasonably possible.

(15) Notes payable and other borrowings

Notes payable and other borrowings are summarized below (in millions). The weighted average interest rates and maturity date ranges shown in the following tables are based on borrowings as of December 31, 2013.

	Weighted Average Interest Rate	December 31, 2013	December 31, 2012
Insurance and other:			
Issued by Berkshire due 2014-2047	2.7%	$ 8,311	$ 8,323
Short-term subsidiary borrowings	0.4%	949	1,416
Other subsidiary borrowings due 2014-2035	5.9%	3,642	3,796
		$12,902	$13,535

In 2013, Berkshire issued $2.6 billion of senior notes with interest rates ranging from 0.8% to 4.5% and maturities that range from 2016 to 2043 and repaid $2.6 billion of maturing senior notes.

	Weighted Average Interest Rate	December 31, 2013	December 31, 2012
Railroad, utilities and energy:			
Issued by MidAmerican Energy Holdings Company ("MidAmerican") and its subsidiaries:			
MidAmerican senior unsecured debt due 2014-2043	5.5%	$ 6,616	$ 4,621
Subsidiary and other debt due 2014-2043	5.3%	23,033	17,002
Issued by BNSF due 2014-2097	5.3%	17,006	14,533
		$46,655	$36,156

As of December 31, 2013, MidAmerican subsidiary debt included approximately $5.3 billion of debt of NV Energy and its regulated utility subsidiaries. In addition, MidAmerican issued $2.0 billion of senior unsecured notes in connection with funding the NV Energy acquisition. The new senior unsecured notes were issued with interest rates ranging from 1.1% to 5.15% and maturities ranging from 2017 to 2043. MidAmerican subsidiary debt represents amounts issued pursuant to separate financing agreements. All, or substantially all, of the assets of certain MidAmerican subsidiaries are, or may be, pledged or encumbered to support or otherwise secure the debt. These borrowing arrangements generally contain various covenants including, but not limited to, leverage ratios, interest coverage ratios and debt service coverage ratios. In 2013, MidAmerican subsidiaries issued term debt of $2.5 billion in the aggregate and MidAmerican and its subsidiaries repaid approximately $2.0 billion of term debt and short-term borrowings.

Notes to Consolidated Financial Statements *(Continued)*

(15) Notes payable and other borrowings *(Continued)*

In 2013, BNSF issued $3.0 billion of debentures with interest rates ranging from 3.0% to 5.15% and maturities in 2023 ($1.5 billion) and 2043 ($1.5 billion). BNSF's borrowings are primarily unsecured. As of December 31, 2013, BNSF and MidAmerican and their subsidiaries were in compliance with all applicable debt covenants. Berkshire does not guarantee any debt or other borrowings of BNSF, MidAmerican or their subsidiaries.

	Weighted Average Interest Rate	December 31, 2013	December 31, 2012
Finance and financial products:			
Issued by Berkshire Hathaway Finance Corporation ("BHFC") due 2014-2043	3.3%	$ 11,178	$11,186
Issued by other subsidiaries due 2014-2036	4.7%	1,489	1,859
		$12,667	$ 13,045

The borrowings of BHFC, a wholly owned finance subsidiary of Berkshire, are fully and unconditionally guaranteed by Berkshire. During 2013, $3.45 billion of BHFC senior notes matured and BHFC issued $3.45 billion of new senior notes to replace maturing notes. The new senior notes were issued with interest rates ranging from 0.95% to 4.3% and maturities ranging from 2017 to 2043.

Our subsidiaries have approximately $6.3 billion in the aggregate of unused lines of credit and commercial paper capacity at December 31, 2013, to support short-term borrowing programs and provide additional liquidity. In addition to borrowings of BHFC, as of December 31, 2013, Berkshire guaranteed approximately $3.9 billion of other subsidiary borrowings. Generally, Berkshire's guarantee of a subsidiary's debt obligation is an absolute, unconditional and irrevocable guarantee for the full and prompt payment when due of all present and future payment obligations.

- Principal repayments expected during each of the next five years are as follows (in millions).

	2014	2015	2016	2017	2018
Insurance and other	$ 2,287	$1,951	$1,175	$1,385	$1,259
Railroad, utilities and energy	2,065	1,454	1,466	1,622	4,021
Finance and financial products	1,333	1,638	1,151	1,843	2,226
	$5,685	$ 5,043	$3,792	$4,850	$7,506

(16) Income taxes

The liabilities for income taxes reflected in our Consolidated Balance Sheets are as follows (in millions).

	December 31, 2013	December 31, 2012
Currently payable (receivable)	$ (395)	$ (255)
Deferred	57,442	43,883
Other	692	866
	$57,739	$44,494

Notes to Consolidated Financial Statements *(Continued)*

(16) Income taxes *(Continued)*

The tax effects of temporary differences that give rise to significant portions of deferred tax assets and deferred tax liabilities are shown below (in millions).

	December 31,	
	2013	2012
Deferred tax liabilities:		
Investments – unrealized appreciation and cost basis differences	$25,660	$16,075
Deferred charges reinsurance assumed	1,526	1,392
Property, plant and equipment	32,409	29,715
Other	6,278	6,485
	65,873	53,667
Deferred tax assets:		
Unpaid losses and loss adjustment expenses	(817)	(924)
Unearned premiums	(682)	(660)
Accrued liabilities	(3,398)	(3,466)
Derivative contract liabilities	(374)	(1,131)
Other	(3,160)	(3,603)
	(8,431)	(9,784)
Net deferred tax liability	$ 57,442	$ 43,883

We have not established deferred income taxes with respect to undistributed earnings of certain foreign subsidiaries. Earnings expected to remain reinvested indefinitely were approximately $9.3 billion as of December 31, 2013. Upon distribution as dividends or otherwise, such amounts would be subject to taxation in the U.S. as well as foreign countries. However, U.S. income tax liabilities would be offset, in whole or in part, by allowable tax credits deriving from income taxes previously paid to foreign jurisdictions. Further, repatriation of all earnings of foreign subsidiaries would be impracticable to the extent that such earnings represent capital needed to support normal business operations in those jurisdictions. As a result, we currently believe that any incremental U.S. income tax liabilities arising from the repatriation of distributable earnings of foreign subsidiaries would not be material.

Income tax expense reflected in our Consolidated Statements of Earnings for each of the three years ending December 31, 2013 is as follows (in millions).

	2013	2012	2011
Federal	$8,155	$5,695	$ 3,474
State	258	384	444
Foreign	538	845	650
	$8,951	$ 6,924	$4,568
Current	$5,168	$ 4,711	$2,897
Deferred	3,783	2,213	1,671
	$8,951	$ 6,924	$4,568

Notes to Consolidated Financial Statements *(Continued)*

(16) Income taxes *(Continued)*

Income tax expense is reconciled to hypothetical amounts computed at the U.S. federal statutory rate for each of the three years ending December 31, 2013 in the table below (in millions).

	2013	2012	2011
Earnings before income taxes	$28,796	$22,236	$15,314
Hypothetical amounts applicable to above computed at the U.S. federal statutory rate	$ 10,079	$ 7,783	$ 5,360
Dividends received deduction and tax exempt interest	(514)	(518)	(497)
State income taxes, less U.S. federal income tax benefit	168	250	289
Foreign tax rate differences	(256)	(280)	(208)
U.S. income tax credits	(457)	(319)	(241)
Other differences, net	(69)	8	(135)
	$ 8,951	$ 6,924	$ 4,568

We file income tax returns in the United States and in state, local and foreign jurisdictions. We are under examination by the taxing authorities in many of these jurisdictions. We have settled tax return liabilities with U.S. federal taxing authorities for years before 2005. The U.S. Internal Revenue Service ("IRS") has completed the exams of the 2005 though 2009 tax years. Berkshire and the IRS have informally resolved all proposed adjustments in connection with these years with the IRS Appeals division and expect formal settlements within the next twelve months. The IRS continues to audit Berkshire's consolidated U.S. federal income tax returns for the 2010 and 2011 tax years. We are also under audit or subject to audit with respect to income taxes in many state and foreign jurisdictions. It is reasonably possible that certain of our income tax examinations will be settled within the next twelve months. We currently do not believe that the outcome of unresolved issues or claims is likely to be material to our Consolidated Financial Statements.

At December 31, 2013 and 2012, net unrecognized tax benefits were $692 million and $866 million, respectively. Included in the balance at December 31, 2013, are $560 million of tax positions that, if recognized, would impact the effective tax rate. The remaining balance in net unrecognized tax benefits principally relates to tax positions for which the ultimate recognition is highly certain but for which there is uncertainty about the timing of such recognition. Because of the impact of deferred tax accounting, other than interest and penalties, the difference in recognition period would not affect the annual effective tax rate but would accelerate the payment of cash to the taxing authority to an earlier period. As of December 31, 2013, we do not expect any material changes to the estimated amount of unrecognized tax benefits in the next twelve months.

(17) Dividend restrictions – Insurance subsidiaries

Payments of dividends by our insurance subsidiaries are restricted by insurance statutes and regulations. Without prior regulatory approval, our principal insurance subsidiaries may declare up to approximately $13 billion as ordinary dividends before the end of 2014.

Combined shareholders' equity of U.S. based property/casualty insurance subsidiaries determined pursuant to statutory accounting rules (Statutory Surplus as Regards Policyholders) was approximately $129 billion at December 31, 2013 and $106 billion at December 31, 2012. Statutory surplus differs from the corresponding amount determined on the basis of GAAP due to differences in accounting for certain assets and liabilities. For instance, deferred charges reinsurance assumed, deferred policy acquisition costs, certain unrealized gains and losses on investments in fixed maturity securities and related deferred income taxes are recognized for GAAP but not for statutory reporting purposes. In addition, under statutory reporting, goodwill is amortized over 10 years, whereas under GAAP, goodwill is not amortized and is subject to periodic tests for impairment

Notes to Consolidated Financial Statements *(Continued)*

(18) Fair value measurements

Our financial assets and liabilities are summarized below as of December 31, 2013 and December 31, 2012 with fair values shown according to the fair value hierarchy (in millions). The carrying values of cash and cash equivalents, accounts receivable and accounts payable, accruals and other liabilities are considered to be reasonable estimates of their fair values.

	Carrying Value	Fair Value	Quoted Prices (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
December 31, 2013					
Investments in fixed maturity securities:					
U.S. Treasury, U.S. government corporations and agencies	$ 2,658	$ 2,658	$ 2,184	$ 473	$ 1
States, municipalities and political subdivisions	2,345	2,345	—	2,345	—
Foreign governments	11,073	11,073	7,467	3,606	—
Corporate bonds	11,237	11,254	—	10,187	1,067
Mortgage-backed securities	2,040	2,040	—	2,040	—
Investments in equity securities	117,505	117,505	117,438	60	7
Investment in Heinz Holding Preferred Stock	7,710	7,971	—	—	7,971
Other investments	17,951	17,951	—	—	17,951
Loans and finance receivables	12,826	12,002	—	454	11,548
Derivative contract assets [1]	87	87	3	15	69
Derivative contract liabilities:					
Railroad, utilities and energy [1]	208	208	1	198	9
Finance and financial products:					
Equity index put options	4,667	4,667	—	—	4,667
Credit default	648	648	—	—	648
Notes payable and other borrowings:					
Insurance and other	12,902	13,147	—	13,147	—
Railroad, utilities and energy	46,655	49,879	—	49,879	—
Finance and financial products	12,667	13,013	—	12,354	659
December 31, 2012					
Investments in fixed maturity securities:					
U.S. Treasury, U.S. government corporations and agencies	$ 2,775	$ 2,775	$ 1,225	$ 1,549	$ 1
States, municipalities and political subdivisions	2,913	2,913	—	2,912	1
Foreign governments	11,355	11,355	4,571	6,784	—
Corporate bonds	17,920	18,795	—	12,011	6,784
Mortgage-backed securities	2,587	2,587	—	2,587	—
Investments in equity securities	88,346	88,346	87,563	64	719
Other investments	15,066	15,066	—	—	15,066
Loans and finance receivables	12,809	11,991	—	304	11,687
Derivative contract assets [1]	220	220	1	128	91
Derivative contract liabilities:					
Railroad, utilities and energy [1]	234	234	10	217	7
Finance and financial products:					
Equity index put options	7,502	7,502	—	—	7,502
Credit default	429	429	—	—	429
Notes payable and other borrowings:					
Insurance and other	13,535	14,284	—	14,284	—
Railroad, utilities and energy	36,156	42,074	—	42,074	—
Finance and financial products	13,045	14,005	—	13,194	811

[1] *Assets are included in other assets and liabilities are included in accounts payable, accruals and other liabilities.*

Notes to Consolidated Financial Statements *(Continued)*

(18) Fair value measurements *(Continued)*

The fair values of substantially all of our financial instruments were measured using market or income approaches. Considerable judgment may be required in interpreting market data used to develop the estimates of fair value. Accordingly, the fair values presented are not necessarily indicative of the amounts that could be realized in an actual current market exchange. The use of alternative market assumptions and/or estimation methodologies may have a material effect on the estimated fair value. The hierarchy for measuring fair value consists of Levels 1 through 3, which are described below.

Level 1 – Inputs represent unadjusted quoted prices for identical assets or liabilities exchanged in active markets.

Level 2 – Inputs include directly or indirectly observable inputs (other than Level 1 inputs) such as quoted prices for similar assets or liabilities exchanged in active or inactive markets; quoted prices for identical assets or liabilities exchanged in inactive markets; other inputs that may be considered in fair value determinations of the assets or liabilities, such as interest rates and yield curves, volatilities, prepayment speeds, loss severities, credit risks and default rates; and inputs that are derived principally from or corroborated by observable market data by correlation or other means Pricing evaluations generally reflect discounted expected future cash flows, which incorporate yield curves for instruments with similar characteristics, such as credit ratings, estimated durations and yields for other instruments of the issuer or entities in the same industry sector.

Level 3 – Inputs include unobservable inputs used in the measurement of assets and liabilities. Management is required to use its own assumptions regarding unobservable inputs because there is little, if any, market activity in the assets or liabilities and we may be unable to corroborate the related observable inputs. Unobservable inputs require management to make certain projections and assumptions about the information that would be used by market participants in pricing assets or liabilities.

Reconciliations of assets and liabilities measured and carried at fair value on a recurring basis with the use of significant unobservable inputs (Level 3) for each of three years ending December 31, 2013 follow (in millions).

	Investments in fixed maturity securities	Investments in equity securities and other investments	Net derivative contract liabilities
Balance at December 31, 2010	$ 801	$ 17,624	$ (8,222)
Gains (losses) included in:			
Earnings	—	—	(2,035)
Other comprehensive income	5	(2,133)	(3)
Regulatory assets and liabilities	—	—	144
Acquisitions	17	5,000	(68)
Dispositions and settlements	(39)	—	275
Transfers into (out of) Level 3	—	(8,800)	1
Balance at December 31, 2011	784	11,691	(9,908)
Gains (losses) included in:			
Earnings	—	—	1,873
Other comprehensive income	5	4,094	—
Regulatory assets and liabilities	—	—	(2)
Acquisitions, dispositions and settlements	(8)	—	190
Transfers into (out of) Level 3	(129)	—	—
Balance at December 31, 2012	652	15,785	(7,847)
Gains (losses) included in:			
Earnings	312	522	2,652
Other comprehensive income	(14)	3,177	(1)
Regulatory assets and liabilities	—	—	1
Dispositions and settlements	(578)	(31)	(60)
Transfers into (out of) Level 3	—	(1,495)	—
Balance at December 31, 2013	$ 372	$17,958	$(5,255)

Notes to Consolidated Financial Statements *(Continued)*

(18) Fair value measurements *(Continued)*

Gains and losses included in earnings are included as components of investment gains/losses, derivative gains/losses and other revenues, as appropriate and are primarily related to changes in the values of derivative contracts and settlement transactions. Gains and losses included in other comprehensive income are included as components of the net change in unrealized appreciation of investments and the reclassification of investment appreciation in earnings, as appropriate in the Consolidated Statements of Comprehensive Income.

In 2013, we transferred the fair value measurements of the GS Warrants and GE Warrants out of Level 3 because we concluded that the unobservable inputs were no longer significant. In 2011, our investments in GS Preferred and GE Preferred were redeemed at the options of the issuers and were transferred out of Level 3 in the quarterly periods prior to the redemptions. In 2011, we acquired investments in BAC Preferred and BAC Warrants for an aggregate cost of $5.0 billion.

Quantitative information as of December 31, 2013, with respect to assets and liabilities measured and carried at fair value on a recurring basis with the use of significant unobservable inputs (Level 3) follows (in millions).

	Fair value	Principal valuation techniques	Unobservable Inputs	Weighted Average
Other investments:				
Preferred stocks	$12,092	Discounted cash flow	Expected duration	7 years
			Discount for transferability restrictions and subordination	97 basis points
Common stock warrants	5,859	Warrant pricing model	Discount for transferability and hedging restrictions	9%
Net derivative liabilities:				
Equity index put options	4,667	Option pricing model	Volatility	21%
Credit default-states/ municipalities	648	Discounted cash flow	Credit spreads	124 basis points

Other investments currently consist of investments that were acquired in a few relatively large private placement transactions and include preferred stocks and common stock warrants. These investments are subject to contractual restrictions on transferability and/or provisions that prevent us from economically hedging our investments. In applying discounted estimated cash flow techniques in valuing the perpetual preferred stocks, we made assumptions regarding the expected durations of the investments, as the issuers may have the right to redeem or convert these investments. We also made estimates regarding the impact of subordination, as the preferred stocks have a lower priority in liquidation than debt instruments of the issuers, which affected the discount rates used. In valuing the common stock warrants, we used a warrant valuation model. While most of the inputs to the model are observable, we are subject to the aforementioned contractual restrictions. We have applied discounts with respect to the contractual restrictions. Increases or decreases to these inputs would result in decreases or increases to the fair values of the investments.

Our equity index put option and credit default contracts are not exchange traded and certain contract terms are not standard in derivatives markets. For example, we are not required to post collateral under most of our contracts and many contracts have long durations, and therefore are illiquid. For these and other reasons, we classified these contracts as Level 3. The methods we use to value these contracts are those that we believe market participants would use in determining exchange prices with respect to our contracts.

We value equity index put option contracts based on the Black-Scholes option valuation model. Inputs to this model include current index price, contract duration, dividend and interest rate inputs (including a Berkshire non-performance input) which are observable. However, we believe that the valuation of long-duration options using any model is inherently subjective, given the lack of observable transactions and prices, and acceptable values may be subject to wide ranges. Expected volatility inputs represent our expectations after considering the remaining duration of each contract and that the contracts will remain outstanding until the expiration dates without offsetting transactions occurring in the interim. Increases or decreases in the volatility inputs will produce increases or decreases in the fair values of the liabilities.

The fair values of our state and municipality credit default exposures reflect credit spreads, contract durations, interest rates, bond prices and other inputs believed to be used by market participants in estimating fair value. We utilize discounted cash flow valuation models, which incorporate the aforementioned inputs as well as our own estimates of credit spreads for states and municipalities where there is no observable input. Increases or decreases to the credit spreads will produce increases or decreases in the fair values of the liabilities.

Notes to Consolidated Financial Statements *(Continued)*

(19) Common stock

Changes in Berkshire's issued and outstanding common stock during the three years ending December 31, 2013 are shown in the table below.

	Class A, $5 Par Value (1,650,000 shares authorized)			Class B, $0.0033 Par Value (3,225,000,000 shares authorized)		
	Issued	Treasury	Outstanding	Issued	Treasury	Outstanding
Balance at December 31, 2010	947,460	—	947,460	1,050,990,468	—	1,050,990,468
Shares issued to acquire noncontrolling interests	—	—	—	3,253,472	—	3,253,472
Conversions of Class A common stock to Class B common stock and exercises of replacement stock options issued in a business acquisition	(9,118)	—	(9,118)	15,401,421	—	15,401,421
Treasury shares acquired	—	(98)	(98)	—	(801,985)	(801,985)
Balance at December 31, 2011	938,342	(98)	938,244	1,069,645,361	(801,985)	1,068,843,376
Conversions of Class A common stock to Class B common stock and exercises of replacement stock options issued in a business acquisition	(33,814)	—	(33,814)	53,748,595	—	53,748,595
Treasury shares acquired	—	(9,475)	(9,475)	—	(606,499)	(606,499)
Balance at December 31, 2012	904,528	(9,573)	894,955	1,123,393,956	(1,408,484)	1,121,985,472
Conversions of Class A common stock to Class B common stock and exercises of replacement stock options issued in a business acquisition	(35,912)	—	(35,912)	55,381,136	—	55,381,136
Balance at December 31, 2013	868,616	(9,573)	859,043	1,178,775,092	(1,408,484)	1,177,366,608

Each Class A common share is entitled to one vote per share. Class B common stock possesses dividend and distribution rights equal to one-fifteen-hundredth (1/1,500) of such rights of Class A common stock. Each Class B common share possesses voting rights equivalent to one-ten-thousandth (1/10,000) of the voting rights of a Class A share. Unless otherwise required under Delaware General Corporation Law, Class A and Class B common shares vote as a single class. Each share of Class A common stock is convertible, at the option of the holder, into 1,500 shares of Class B common stock. Class B common stock is not convertible into Class A common stock. On an equivalent Class A common stock basis, there were 1,643,954 shares outstanding as of December 31, 2013 and 1,642,945 shares outstanding as of December 31, 2012. In addition to our common stock, 1,000,000 shares of preferred stock are authorized, but none are issued and outstanding.

In September 2011, Berkshire's Board of Directors ("Berkshire's Board") approved a common stock repurchase program under which Berkshire may repurchase its Class A and Class B shares at prices no higher than a 10% premium over the book value of the shares. In December 2012, Berkshire's Board amended the repurchase program by raising the price limit to no higher than a 20% premium over book value. Berkshire may repurchase shares in the open market or through privately negotiated transactions. Berkshire's Board authorization does not specify a maximum number of shares to be repurchased. However, repurchases will not be made if they would reduce Berkshire's consolidated cash equivalent holdings below $20 billion. The repurchase program is expected to continue indefinitely and the amount of repurchases will depend entirely upon the level of cash available, the attractiveness of investment and business opportunities either at hand or on the horizon, and the degree of discount of the market price relative to management's estimate of intrinsic value. The repurchase program does not obligate Berkshire to repurchase any dollar amount or number of Class A or Class B shares and there is no expiration date to the program. There were no share purchases in 2013. In December 2012, Berkshire repurchased 9,475 Class A shares and 606,499 Class B shares for approximately $1.3 billion through a privately negotiated transaction and market purchases.

Notes to Consolidated Financial Statements (Continued)

(20) Accumulated other comprehensive income

A summary of the net changes in after-tax accumulated other comprehensive income attributable to Berkshire Hathaway shareholders for each of the three years ending December 31, 2013 and significant amounts reclassified out of accumulated other comprehensive income for the year ended December 31, 2013 follows (in millions).

	Unrealized appreciation of investments, net	Foreign currency translation	Prior service and actuarial gains/losses of defined benefit pension plans	Other	Accumulated other comprehensive income
Balance at December 31, 2010	$ 21,638	$ (240)	$ (853)	$ 38	$ 20,583
Other comprehensive income, net	(2,144)	(144)	(720)	3	(3,005)
Transactions with noncontrolling interests	132	1	(16)	(41)	76
	(2,012)	(143)	(736)	(38)	(2,929)
Balance at December 31, 2011	19,626	(383)	(1,589)	—	17,654
Other comprehensive income, net	9,647	267	(21)	(47)	9,846
Transactions with noncontrolling interests	(19)	(4)	9	14	—
	9,628	263	(12)	(33)	9,846
Balance at December 31, 2012	29,254	(120)	(1,601)	(33)	27,500
Other comprehensive income, net before reclassifications	16,379	25	1,534	106	18,044
Amounts reclassified from accumulated other comprehensive income	(1,591)	(31)	114	10	(1,498)
Transactions with noncontrolling interests	—	(20)	(1)	—	(21)
	14,788	(26)	1,647	116	16,525
Balance at December 31, 2013	$ 44,042	$ (146)	$ 46	$ 83	$ 44,025
Amounts reclassified from other comprehensive income into net earnings during 2013 are included on the following line items:					
Investment gains/losses:					
Insurance and other	$ (2,382)	$ —	$ —	$ —	$ (2,382)
Finance and financial products	(65)	—	—	—	(65)
Other	—	(31)	167	17	153
Reclassifications before income taxes	(2,447)	(31)	167	17	(2,294)
Applicable income taxes	(856)	—	53	7	(796)
	$ (1,591)	$ (31)	$ 114	$ 10	$ (1,498)

(21) *Pension plans*

Several of our subsidiaries individually sponsor defined benefit pension plans covering certain employees. Benefits under the plans are generally based on years of service and compensation, although benefits under certain plans are based on years of service and fixed benefit rates. Our subsidiaries make contributions to the plans, generally, to meet regulatory requirements. Additional amounts may be contributed on a discretionary basis.

The components of net periodic pension expense for each of the three years ending December 31, 2013 are as follows (in millions).

	2013	2012	2011
Service cost	$ 254	$ 247	$ 191
Interest cost	547	583	568
Expected return on plan assets	(634)	(610)	(579)
Amortization of actuarial losses and other	225	220	102
Net pension expense	$ 392	$ 440	$ 282

Notes to Consolidated Financial Statements *(Continued)*

(21) Pension plans *(Continued)*

The accumulated benefit obligation is the actuarial present value of benefits earned based on service and compensation prior to the valuation date. The projected benefit obligation ("PBO") is the actuarial present value of benefits earned based upon service and compensation prior to the valuation date and, if applicable, includes assumptions regarding future compensation levels. Benefit obligations under qualified U.S. defined benefit pension plans are funded through assets held in trusts. Pension obligations under certain non-U.S. plans and non-qualified U.S. plans are unfunded. PBOs of non-qualified U.S. plans and non-U.S. plans which are not funded through assets held in trusts were approximately $1.0 billion as of December 31, 2013 and 2012. MidAmerican's pension plans cover employees of its various regulated subsidiaries. The costs associated with these regulated operations are generally recoverable through the regulated rate making process.

Reconciliations of the changes in Plan assets and PBOs related to MidAmerican's pension plans and all other pension plans for each of the two years ending December 31, 2013 are in the following tables (in millions).

	2013			2012		
	MidAmerican	All other	Consolidated	MidAmerican	All other	Consolidated
Benefit Obligations						
Accumulated benefit obligation at end of year	$ 4,664	$ 8,101	$12,765	$ 4,037	$ 8,878	$12,915
PBO at beginning of year	$ 4,284	$ 9,789	$ 14,073	$ 3,863	$ 9,129	$ 12,992
Service cost	46	208	254	44	203	247
Interest cost	172	375	547	183	400	583
Benefits paid	(275)	(505)	(780)	(219)	(660)	(879)
Business acquisitions	823	—	823	—	8	8
Actuarial (gains) or losses and other	(44)	(975)	(1,019)	413	709	1,122
PBO at end of year	$ 5,006	$ 8,892	$ 13,898	$ 4,284	$ 9,789	$ 14,073
Plan Assets						
Plan assets at beginning of year	$ 3,651	$ 6,785	$ 10,436	$ 3,245	$ 5,905	$ 9,150
Employer contributions	150	274	424	193	456	649
Benefits paid	(275)	(505)	(780)	(219)	(660)	(879)
Actual return on plan assets	497	1,849	2,346	341	1,088	1,429
Business acquisitions	818	—	818	—	6	6
Other	47	(14)	33	91	(10)	81
Plan assets at end of year	$ 4,888	$ 8,389	$ 13,277	$ 3,651	$ 6,785	$ 10,436
Net funded status – net liability	$ 118	$ 503	$ 621	$ 633	$ 3,004	$ 3,637

The net funded status is recognized in the Consolidated Balance Sheets as follows (in millions).

	December 31,	
	2013	2012
Accounts payable, accruals and other liabilities	$1,287	$ 3,441
Losses and loss adjustment expenses	309	256
Other assets	(975)	(60)
	$ 621	$3,637

Notes to Consolidated Financial Statements *(Continued)*

(21) Pension plans *(Continued)*

Fair value measurements of Plan assets as of December 31, 2013 and 2012 follow (in millions).

	Total Fair Value	Quoted Prices (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
December 31, 2013				
Cash and equivalents	$ 595	$ 355	$ 240	$ —
Equity securities	7,844	7,684	160	—
Government obligations	891	607	284	—
Other fixed maturity securities	901	81	820	—
Investment funds and other	3,046	577	2,156	313
	$13,277	$ 9,304	$3,660	$ 313
December 31, 2012				
Cash and equivalents	$ 900	$ 345	$ 555	$ —
Equity securities	5,444	5,211	233	—
Government obligations	899	529	370	—
Other fixed maturity securities	790	92	698	—
Investment funds and other	2,403	419	1,652	332
	$10,436	$ 6,596	$3,508	$ 332

Refer to Note 18 for a discussion of the three levels in the hierarchy of fair values. Plan assets measured at fair value with significant unobservable inputs (Level 3) for the years ending December 31, 2013 and 2012 consisted primarily of real estate and limited partnership interests. Plan assets are generally invested with the long-term objective of earning amounts sufficient to cover expected benefit obligations, while assuming a prudent level of risk. Allocations may change as a result of changing market conditions and investment opportunities. The expected rates of return on Plan assets reflect subjective assessments of expected invested asset returns over a period of several years. Generally, past investment returns are not given significant consideration when establishing assumptions for expected long-term rates of returns on Plan assets. Actual experience will differ from the assumed rates.

Benefits payments expected over the next ten years are as follows (in millions): 2014 – $787; 2015 – $802; 2016 – $805; 2017 – $816; 2018 – $823; and 2019 to 2023 – $4,253. Sponsoring subsidiaries expect to contribute $276 million to defined benefit pension plans in 2014.

A reconciliation of the pre-tax accumulated other comprehensive income (loss) related to defined benefit pension plans for each of the two years ending December 31, 2013 follows (in millions).

	2013	2012
Balance at beginning of year	$(2,516)	$(2,521)
Amount included in net periodic pension expense	167	130
Gains (losses) current period and other	2,435	(125)
Balance at end of year	$ 86	$(2,516)

Weighted average interest rate assumptions used in determining projected benefit obligations and net periodic pension expense were as follows.

	2013	2012
Applicable to pension benefit obligations:		
Discount rate	4.6%	4.0%
Expected long-term rate of return on plan assets	6.7	6.6
Rate of compensation increase	3.5	3.6
Discount rate applicable to pension expense	4.1	4.5

Notes to Consolidated Financial Statements *(Continued)*

(21) Pension plans *(Continued)*

Several of our subsidiaries also sponsor defined contribution retirement plans, such as 401(k) or profit sharing plans. Employee contributions to the plans are subject to regulatory limitations and the specific plan provisions. Several of the plans provide that the subsidiary match these contributions up to levels specified in the plans and provide for additional discretionary contributions as determined by management. Employer contributions expensed with respect to these plans were $690 million, $637 million and $572 million for the years ending December 31, 2013, 2012 and 2011, respectively.

(22) *Contingencies and Commitments*

We are parties in a variety of legal actions arising out of the normal course of business. In particular, such legal actions affect our insurance and reinsurance businesses. Such litigation generally seeks to establish liability directly through insurance contracts or indirectly through reinsurance contracts issued by Berkshire subsidiaries. Plaintiffs occasionally seek punitive or exemplary damages. We do not believe that such normal and routine litigation will have a material effect on our financial condition or results of operations. Berkshire and certain of its subsidiaries are also involved in other kinds of legal actions, some of which assert or may assert claims or seek to impose fines and penalties. We believe that any liability that may arise as a result of other pending legal actions will not have a material effect on our consolidated financial condition or results of operations.

We lease certain manufacturing, warehouse, retail and office facilities as well as certain equipment. Rent expense for all operating leases was $1,396 million in 2013, $1,401 million in 2012 and $1,288 million in 2011. Future minimum rental payments for operating leases having initial or remaining non-cancelable terms in excess of one year are as follows. Amounts are in millions.

2014	2015	2016	2017	2018	After 2018	Total
$1,245	$1,094	$ 967	$ 822	$ 691	$ 3,795	$ 8,614

Our subsidiaries regularly make commitments in the ordinary course of business to purchase goods and services used in their businesses. The most significant of these commitments relate to our railroad, utilities and energy and fractional aircraft ownership businesses. As of December 31, 2013, future purchase commitments under such arrangements are expected to be paid as follows: $15.5 billion in 2014, $6.4 billion in 2015, $4.1 billion in 2016, $3.8 billion in 2017, $3.5 billion in 2018 and $17.0 billion after 2018.

We have owned a controlling interest in Marmon Holdings, Inc. ("Marmon") since 2008 when we acquired 63.6% of its outstanding shares of common stock. In 2010, we acquired 16.6% of its outstanding common stock for approximately $1.5 billion and in 2012, we acquired an additional 9.8% of its outstanding common stock for aggregate consideration of approximately $1.4 billion. In 2013, we acquired an additional 9.7% of its outstanding common stock for aggregate consideration of approximately $1.47 billion of which $1.2 billion is payable in March 2014. As of December 31, 2013, we own substantially all of Marmon outstanding common stock. On April 29, 2013, we acquired the remaining noncontrolling interests of IMC International Metalworking Companies B.V., the parent company of Iscar, for consideration of $2.05 billion. Berkshire now owns 100% of IMC International Metalworking Companies B.V. Each of these transactions was accounted for as an acquisition of noncontrolling interests. The differences between the consideration paid or payable and the carrying amounts of these noncontrolling interests were recorded as reductions in Berkshire's shareholders' equity and aggregated approximately $1.8 billion in 2013 and $700 million in 2012.

Pursuant to the terms of shareholder agreements with noncontrolling shareholders in our other less than wholly-owned subsidiaries, we may be obligated to acquire their equity ownership interests. If we had acquired all outstanding noncontrolling interests as of December 31, 2013, we estimate the cost would have been approximately $3.1 billion. However, the timing and the amount of any such future payments that might be required are contingent on future actions of the noncontrolling owners.

On October 16, 2013, Marmon announced it entered into an agreement to acquire the beverage dispensing and merchandising operations of British engineering company, IMI plc for approximately $1.1 billion. The acquisition closed in January 2014.

On December 30, 2013, we entered into an agreement with Phillips 66 ("PSX") whereby we would exchange up to the 20,668,118 shares of PSX common stock that we owned on that date for 100% of the outstanding common stock of PSX's flow improver business, Phillips Specialty Products Inc. ("PSPI"). Per the agreement, the exact number of shares of PSX common

Notes to Consolidated Financial Statements (Continued)

(22) Contingencies and Commitments (Continued)

stock to be exchanged was to be determined based upon the volume weighted average price of PSX common stock on the closing date. On February 25, 2014, the closing occurred and we exchanged 17,422,615 shares of PSX common stock for the outstanding common stock of PSPI. At the time of the closing, the assets of PSPI included approximately $450 million of cash and cash equivalents.

Berkshire has a 50% interest in a joint venture, Berkadia Commercial Mortgage ("Berkadia"), with Leucadia National Corporation ("Leucadia") having the other 50% interest. Berkadia is a servicer of commercial real estate loans in the U.S., performing primary, master and special servicing functions for U.S. government agency programs, commercial mortgage-backed securities transactions, banks, insurance companies and other financial institutions. A significant source of funding for Berkadia's operations is through the issuance of commercial paper. Repayment of the commercial paper is supported by a $2.5 billion surety policy issued by a Berkshire insurance subsidiary. Leucadia has agreed to indemnify Berkshire for one-half of any losses incurred under the policy. As of December 31, 2013, the aggregate amount of Berkadia commercial paper outstanding was $2 47 billion.

(23) Business segment data

Our reportable business segments are organized in a manner that reflects how management views those business activities. Certain businesses have been grouped together for segment reporting based upon similar products or product lines, marketing, selling and distribution characteristics, even though those business units are operated under separate local management.

The tabular information that follows shows data of reportable segments reconciled to amounts reflected in our Consolidated Financial Statements. Intersegment transactions are not eliminated in instances where management considers those transactions in assessing the results of the respective segments. Furthermore, our management does not consider investment and derivative gains/losses or amortization of purchase accounting adjustments related to Berkshire's acquisition in assessing the performance of reporting units Collectively, these items are included in reconciliations of segment amounts to consolidated amounts.

Business Identity	Business Activity
GEICO	Underwriting private passenger automobile insurance mainly by direct response methods
General Re	Underwriting excess-of-loss, quota-share and facultative reinsurance worldwide
Berkshire Hathaway Reinsurance Group	Underwriting excess-of-loss and quota-share reinsurance for insurers and reinsurers
Berkshire Hathaway Primary Group	Underwriting multiple lines of property and casualty insurance policies for primarily commercial accounts
BNSF	Operates one of the largest railroad systems in North America
Clayton Homes, XTRA, CORT and other financial services ("Finance and financial products")	Proprietary investing, manufactured housing and related consumer financing, transportation equipment leasing and furniture leasing
Marmon	An association of approximately 160 manufacturing and service businesses that operate within 11 diverse business sectors
McLane Company	Wholesale distribution of groceries and non-food items
MidAmerican	Regulated electric and gas utility, including power generation and distribution activities in the U.S. and internationally; domestic real estate brokerage

Notes to Consolidated Financial Statements *(Continued)*

(23) Business segment data *(Continued)*

Other businesses not specifically identified with reportable business segments consist of a large, diverse group of manufacturing, service and retailing businesses. A disaggregation of our consolidated data for each of the three most recent years is presented in the tables which follow on this and the following two pages (in millions).

	Revenues			Earnings before income taxes		
	2013	2012	2011	2013	2012	2011
Operating Businesses:						
Insurance group:						
Underwriting:						
GEICO	$ 18,572	$ 16,740	$ 15,363	$ 1,127	$ 680	$ 576
General Re	5,984	5,870	5,816	283	355	144
Berkshire Hathaway Reinsurance Group	8,786	9,672	9,147	1,294	304	(714)
Berkshire Hathaway Primary Group	3,342	2,263	1,749	385	286	242
Investment income	4,735	4,474	4,746	4,713	4,454	4,725
Total insurance group	41,419	39,019	36,821	7,802	6,079	4,973
BNSF	22,014	20,835	19,548	5,928	5,377	4,741
Finance and financial products	4,291	4,110	4,014	985	848	774
Marmon	6,979	7,171	6,925	1,176	1,137	992
McLane Company	45,930	37,437	33,279	486	403	370
MidAmerican	12,743	11,747	11,291	1,806	1,644	1,659
Other businesses	42,382	38,647	32,202	5,080	4,591	3,675
	175,758	158,966	144,080	23,263	20,079	17,184
Reconciliation of segments to consolidated amount:						
Investment and derivative gains/losses	6,673	3,425	(830)	6,673	3,425	(830)
Interest expense, not allocated to segments	—	—	—	(303)	(271)	(221)
Eliminations and other	(281)	72	438	(837)	(997)	(819)
	$ 182,150	$ 162,463	$ 143,688	$ 28,796	$ 22,236	$ 15,314

	Capital expenditures			Depreciation of tangible assets		
	2013	2012	2011	2013	2012	2011
Operating Businesses:						
Insurance group	$ 89	$ 61	$ 40	$ 58	$ 57	$ 56
BNSF	3,918	3,548	3,325	1,655	1,573	1,480
Finance and financial products	251	367	331	182	184	180
Marmon	847	817	514	498	479	484
McLane Company	225	225	188	159	149	129
MidAmerican	4,307	3,380	2,684	1,577	1,440	1,333
Other businesses	1,450	1,377	1,109	1,289	1,264	1,021
	$ 11,087	$ 9,775	$ 8,191	$ 5,418	$ 5,146	$ 4,683

Notes to Consolidated Financial Statements *(Continued)*

(23) Business segment data *(Continued)*

	Goodwill at year-end		Identifiable assets at year-end		
	2013	2012	2013	2012	2011
Operating Businesses:					
Insurance group:					
GEICO	$ 1,372	$ 1,372	$ 39,568	$ 30,986	$ 27,253
General Re	13,532	13,532	29,956	30,477	28,442
Berkshire Hathaway Reinsurance and Primary Groups	607	607	138,480	118,819	104,913
Total insurance group	15,511	15,511	208,004	180,282	160,608
BNSF	14,819	14,836	59,842	56,839	55,282
Finance and financial products	1,036	1,036	25,163	24,412	23,919
Marmon	800	814	11,767	11,230	10,597
McLane Company	701	705	5,209	5,090	4,107
MidAmerican	7,784	5,377	62,189	46,856	42,039
Other businesses	16,360	16,244	39,107	36,875	34,994
	$ 57,011	$ 54,523	411,281	361,584	331,546
Reconciliation of segments to consolidated amount:					
Corporate and other			16,639	11,345	7,888
Goodwill			57,011	54,523	53,213
			$ 484,931	$ 427,452	$392,647

Insurance premiums written by geographic region (based upon the domicile of the insured or reinsured) are summarized below. Dollars are in millions.

	Property/Casualty			Life/Health		
	2013	2012	2011	2013	2012	2011
United States	$25,704	$23,186	$22,253	$ 3,934	$ 3,504	$ 3,100
Western Europe	2,234	4,387	4,495	1,339	1,114	880
All other	2,973	2,319	1,089	1,026	1,217	1,090
	$30,911	$29,892	$27,837	$6,299	$5,835	$5,070

In 2013, 2012 and 2011, premiums written and earned attributable to Western Europe were primarily in the United Kingdom, Germany, Switzerland and Luxembourg. In 2012 and 2011, property/casualty insurance premiums earned included approximately $3.4 billion and $2.9 billion, respectively, from a reinsurance contract with Swiss Reinsurance Company Ltd. and its affiliates. This contract expired at the end of 2012 and is now in run-off. Life/health insurance premiums written and earned in the United States included approximately $1.5 billion in 2012 and 2011 from a single contract with Swiss Re Life & Health America Inc., an affiliate of Swiss Reinsurance Company Ltd. This contract was amended in 2013 which resulted in significantly reduced premiums.

Consolidated sales and service revenues in 2013, 2012 and 2011 were $94.8 billion, $83.3 billion and $72.8 billion, respectively. Approximately 85% of such amounts in 2013 were in the United States compared with approximately 84% in 2012 and 86% in 2011. The remainder of sales and service revenues were primarily in Europe and Canada. In each of the three years ending December 31, 2013, consolidated sales and service revenues included sales of approximately $13 billion in 2013 and $12 billion in 2012 and 2011 to Wal-Mart Stores, Inc.

Approximately 96% of our revenues in 2013, 2012 and 2011 from railroad, utilities and energy businesses were in the United States. In each year, most of the remainder was attributed to the United Kingdom. At December 31, 2013, 92% of our consolidated net property, plant and equipment was located in the United States with the remainder primarily in Europe and Canada.

Notes to Consolidated Financial Statements *(Continued)*

(23) Business segment data *(Continued)*

Premiums written and earned by the property/casualty and life/health insurance businesses are summarized below (in millions).

	Property/Casualty			Life/Health		
	2013	2012	2011	2013	2012	2011
Premiums Written:						
Direct	$24,292	$20,796	$18,512	$ 931	$ 554	$ 67
Assumed	7,339	9,668	9,867	5,437	5,391	5,133
Ceded	(720)	(572)	(542)	(69)	(110)	(130)
	$30,911	$29,892	$27,837	$6,299	$5,835	$5,070
Premiums Earned:						
Direct	$23,267	$20,204	$18,038	$ 931	$ 554	$ 67
Assumed	7,928	9,142	9,523	5,425	5,356	5,099
Ceded	(797)	(600)	(522)	(70)	(111)	(130)
	$30,398	$28,746	$27,039	$6,286	$5,799	$5,036

(24) Quarterly data

A summary of revenues and earnings by quarter for each of the last two years is presented in the following table. This information is unaudited. Dollars are in millions, except per share amounts.

	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
2013				
Revenues	$43,867	$44,693	$46,541	$47,049
Net earnings attributable to Berkshire shareholders *	4,892	4,541	5,053	4,990
Net earnings attributable to Berkshire shareholders per equivalent Class A common share	2,977	2,763	3,074	3,035
2012				
Revenues	$38,147	$38,546	$41,050	$44,720
Net earnings attributable to Berkshire shareholders *	3,245	3,108	3,920	4,551
Net earnings attributable to Berkshire shareholders per equivalent Class A common share	1,966	1,882	2,373	2,757

* *Includes realized investment gains/losses, other-than-temporary impairment losses on investments and derivative gains/losses. Derivative gains/losses include significant amounts related to non-cash changes in the fair value of long-term contracts arising from short-term changes in equity prices, interest rates and foreign currency rates, among other factors. After-tax investment and derivative gains/losses for the periods presented above are as follows (in millions):*

	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
Investment and derivative gains/losses – 2013	$1,110	$ 622	$1,391	$1,214
Investment and derivative gains/losses – 2012	580	(612)	521	1,738

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

None

Item 9A. Controls and Procedures

At the end of the period covered by this Annual Report on Form 10-K, the Corporation carried out an evaluation, under the supervision and with the participation of the Corporation's management, including the Chairman (Chief Executive Officer) and the Senior Vice President (Chief Financial Officer), of the effectiveness of the design and operation of the Corporation's disclosure controls and procedures pursuant to Exchange Act Rule 13a-15. Based upon that evaluation, the Chairman (Chief Executive Officer) and the Senior Vice President (Chief Financial Officer) concluded that the Corporation's disclosure controls and procedures are effective in timely alerting them to material information relating to the Corporation (including its consolidated subsidiaries) required to be included in the Corporation's periodic SEC filings. The report called for by Item 308(a) of Regulation S-K is incorporated herein by reference to Management's Report on Internal Control Over Financial Reporting, included on page 64 of this report. The attestation report called for by Item 308(b) of Regulation S-K is incorporated herein by reference to Report of Independent Registered Public Accounting Firm, included on page 65 of this report. There has been no change in the Corporation's internal control over financial reporting during the quarter ended December 31, 2013 that has materially affected, or is reasonably likely to materially affect, the Corporation's internal control over financial reporting.

Item 9B. Other Information

None

Part III

Except for the information set forth under the caption "Executive Officers of the Registrant" in Part I hereof, information required by this Part (Items 10, 11, 12, 13 and 14) is incorporated by reference from the Registrant's definitive proxy statement, filed pursuant to Regulation 14A, for the Annual Meeting of Shareholders of the Registrant to be held on May 3, 2014, which meeting will involve the election of directors.

Part IV

Item 15. Exhibits and Financial Statement Schedules

(a)1. *Financial Statements*

The following Consolidated Financial Statements, as well as the Report of Independent Registered Public Accounting Firm, are included in Part II Item 8 of this report:

Other schedules are omitted because they are not required, information therein is not applicable, or is reflected in the Consolidated Financial Statements or notes thereto.

(b) *Exhibits*

See the "Exhibit Index" at page 110.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

BERKSHIRE HATHAWAY INC.

Date: February 28, 2014

/s/ MARC D. HAMBURG
Marc D. Hamburg
Senior Vice President and
Principal Financial Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

/S/ WARREN E. BUFFETT Warren E. Buffett	Chairman of the Board of Directors—Chief Executive Officer	February 28, 2014 Date
/S/ HOWARD G. BUFFETT Howard G. Buffett	Director	February 28, 2014 Date
/S/ STEPHEN B. BURKE Stephen B. Burke	Director	February 28, 2014 Date
/S/ SUSAN L. DECKER Susan L. Decker	Director	February 28, 2014 Date
/S/ WILLIAM H. GATES III William H Gates III	Director	February 28, 2014 Date
/S/ DAVID S. GOTTESMAN David S. Gottesman	Director	February 28, 2014 Date
/S/ CHARLOTTE GUYMAN Charlotte Guyman	Director	February 28, 2014 Date
/S/ DONALD R. KEOUGH Donald R Keough	Director	February 28, 2014 Date
/S/ CHARLES T. MUNGER Charles T. Munger	Vice Chairman of the Board of Directors	February 28, 2014 Date
/S/ THOMAS S. MURPHY Thomas S. Murphy	Director	February 28, 2014 Date
/S/ RONALD L. OLSON Ronald L. Olson	Director	February 28, 2014 Date
/S/ WALTER SCOTT, JR. Walter Scott, Jr.	Director	February 28, 2014 Date
/S/ MERYL B. WITMER Meryl B. Witmer	Director	February 28, 2014 Date
/S/ MARC D HAMBURG Marc D Hamburg	Senior Vice President—Principal Financial Officer	February 28, 2014 Date
/S/ DANIEL J. JAKSICH Daniel J. Jaksich	Vice President—Principal Accounting Officer	February 28, 2014 Date

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholders of
Berkshire Hathaway Inc.
Omaha, Nebraska

We have audited the consolidated financial statements of Berkshire Hathaway Inc. and subsidiaries (the "Company") as of December 31, 2013 and 2012, and for each of the three years in the period ended December 31, 2013, and the Company's internal control over financial reporting as of December 31, 2013, and have issued our report thereon dated February 28, 2014; such consolidated financial statements and report are included elsewhere in this Form 10-K. Our audits also included the financial statement schedule of the Company listed in Item 15. This financial statement schedule is the responsibility of the Company's management. Our responsibility is to express an opinion based on our audits. In our opinion, such financial statement schedule, when considered in relation to the basic consolidated financial statements taken as a whole, presents fairly, in all material respects, the information set forth therein.

/s/ Deloitte & Touche LLP

Omaha, Nebraska
February 28, 2014

BERKSHIRE HATHAWAY INC.
(Parent Company)
Condensed Financial Information
(Dollars in millions)

Schedule I

Balance Sheets

	December 31,	
	2013	2012
Assets:		
Cash and cash equivalents	$ 3,412	$ 10,557
Investments in fixed maturity and equity securities	178	66
Investments in and advances to/from consolidated subsidiaries	215,465	185,996
Investments in H.J. Heinz Holding Corporation	12,111	—
Other assets	97	51
	$ 231,263	$ 196,670
Liabilities and Shareholders' Equity:		
Accounts payable, accrued interest and other liabilities	$ 209	$ 277
Income taxes	853	423
Notes payable and other borrowings	8,311	8,323
	9,373	9,023
Berkshire Hathaway shareholders' equity	221,890	187,647
	$ 231,263	$ 196,670

Statements of Earnings and Comprehensive Income

	Year ended December 31,		
	2013	2012	2011
Income items:			
From consolidated subsidiaries:			
Dividends and distributions	$ 6,158	$ 6,799	$ 5,883
Undistributed earnings	13,657	8,301	4,546
	19,815	15,100	10,429
Other income	229	88	101
	20,044	15,188	10,530
Cost and expense items:			
General and administrative	94	133	66
Interest expense	228	196	146
Income taxes	246	35	64
	568	364	276
Net earnings attributable to Berkshire Hathaway shareholders	19,476	14,824	10,254
Other comprehensive income attributable to Berkshire Hathaway shareholders	16,546	9,846	(3,005)
Comprehensive income attributable to Berkshire Hathaway shareholders	$ 36,022	$ 24,670	$ 7,249

See Note to Condensed Financial Information

BERKSHIRE HATHAWAY INC.
(Parent Company)
Condensed Financial Information
(Dollars in millions)

Schedule I (continued)

Statements of Cash Flows

	Year ended December 31,		
	2013	2012	2011
Cash flows from operating activities:			
Net earnings attributable to Berkshire Hathaway shareholders	$ 19,476	$ 14,824	$ 10,254
Adjustments to reconcile net earnings to cash flows from operating activities:			
Undistributed earnings of subsidiaries	(13,657)	(8,301)	(4,546)
Income taxes payable	396	80	69
Other	112	101	70
Net cash flows from operating activities	6,327	6,704	5,847
Cash flows from investing activities:			
Investments in H.J. Heinz Holding Corporation	(12,250)	—	—
Sales of fixed maturity securities	—	—	298
Investments in and advances to subsidiaries	(433)	(1,525)	(3,633)
Net cash flows from investing activities	(12,683)	(1,525)	(3,335)
Cash flows from financing activities:			
Proceeds from borrowings	2,611	1,740	2,021
Repayments of borrowings	(2,656)	(1,751)	(2,094)
Acquisitions of noncontrolling interests	(836)	(800)	(1,811)
Acquisitions of treasury stock	—	(1,296)	(67)
Other	92	196	112
Net cash flows from financing activities	(789)	(1,911)	(1,839)
Increase (decrease) in cash and cash equivalents	(7,145)	3,268	673
Cash and cash equivalents at beginning of year	10,557	7,289	6,616
Cash and cash equivalents at end of year	$ 3,412	$ 10,557	$ 7,289
Other cash flow information:			
Income taxes paid	$ 4,080	$ 3,406	$ 1,882
Interest paid	205	180	122

Note to Condensed Financial Information

On June 7, 2013, Berkshire and an affiliate of the global investment firm 3G Capital (such affiliate, "3G"), through a newly formed holding company, H J. Heinz Holding Corporation ("Heinz Holding"), acquired H.J. Heinz Company ("Heinz"). Berkshire and 3G each made equity investments in Heinz Holding, which, together with debt financing obtained by Heinz Holding, was used to acquire Heinz for approximately $23.25 billion. Berkshire's investments in Heinz Holding consist of 425 million shares of common stock, warrants to acquire approximately 46 million additional shares of common stock, and cumulative compounding preferred stock ("Preferred Stock") with a liquidation preference of $8 billion. The aggregate cost of these investments was $12.25 billion. In January 2013, Berkshire issued $2.6 billion of new senior notes with interest rates ranging from 0.8% to 4.5% and maturities that range from 2016 to 2043. In February 2013, Berkshire repaid $2.6 billion of maturing senior notes. Berkshire's borrowings at December 31, 2013 and 2012 also included $311 million and $323 million, respectively, under investment agreements. Berkshire's aggregate borrowings as of December 31, 2013, mature in each of the next five years as follows: 2014—$751 million; 2015—$1,709 million; 2016—$1,051 million; 2017—$1,100 million; and 2018—$808 million.

Berkshire Hathaway Inc. has guaranteed debt obligations of certain of its subsidiaries. As of December 31, 2013, the unpaid balance of subsidiary debt guaranteed by Berkshire totaled approximately $15 billion. Berkshire's guarantee of subsidiary debt is an absolute, unconditional and irrevocable guarantee for the full and prompt payment when due of all present and future payment obligations. Berkshire also provides guarantees in connection with long-term equity index put option and credit default contracts entered into by a subsidiary. The estimated fair value of liabilities recorded under such contracts was approximately $5.3 billion as of December 31, 2013. The amount of subsidiary payments under these contracts, if any, is contingent upon future events and will not be fully known for several years.

EXHIBIT INDEX

Exhibit No.	
2(i)	Agreement and Plan of Merger dated as of June 19, 1998 between Registrant and General Re Corporation. Incorporated by reference to Annex I to Registration Statement No 333-61129 filed on Form S-4.
2(ii)	Agreement and Plan of Merger dated as of November 2, 2009 by and among Berkshire, R Acquisition Company, LLC and BNSF. Incorporated by reference to Annex A to Registration Statement No. 333-163343 on Form S-4.
3(i)	Restated Certificate of Incorporation Incorporated by reference to Exhibit 3(i) to Form 10-K filed on March 1, 2010.
3(ii)	By-Laws Incorporated by reference to Exhibit 3.1 to Form 8-K filed on November 9, 2010.
4.1	Indenture, dated as of December 22, 2003, between Berkshire Hathaway Finance Corporation, Berkshire Hathaway Inc. and The Bank of New York Mellon Trust Company, N.A. (as successor to J.P. Morgan Trust Company, National Association), as trustee. Incorporated by reference to Exhibit 4.1 on Form S-4 of Berkshire Hathaway Finance Corporation and Berkshire Hathaway Inc. filed on February 4, 2004.
4.2	Indenture, dated as of February 1, 2010, among Berkshire, Berkshire Hathaway Finance Corporation and The Bank of New York Mellon Trust Company, N.A., as trustee. Incorporated by reference to Exhibit 4.1 to Berkshire's Registration Statement on Form S-3 filed on February 1, 2010. **Other instruments defining the rights of holders of long-term debt of Registrant and its subsidiaries are not being filed since the total amount of securities authorized by all other such instruments does not exceed 10% of the total assets of the Registrant and its subsidiaries on a consolidated basis as of December 31, 2013. The Registrant hereby agrees to furnish to the Commission upon request a copy of any such debt instrument to which it is a party.**
10.1	Equity Commitment Letter of Berkshire Hathaway Inc. with Hawk Acquisition Holding Corporation dated February 13, 2013. Incorporated by reference to Exhibit 10.1 on Form 8-K of Berkshire Hathaway Inc. filed on February 14, 2013.
12	Calculation of Ratio of Consolidated Earnings to Consolidated Fixed Charges
14	Code of Ethics Berkshire's Code of Business Conduct and Ethics is posted on its Internet website at *www.berkshirehathaway.com*
21	Subsidiaries of Registrant
23	Consent of Independent Registered Public Accounting Firm
31	Rule 13a—14(a)/15d-14(a) Certifications
32	Section 1350 Certifications
95	Mine Safety Disclosures
101	The following financial information from Berkshire Hathaway Inc.'s Annual Report on Form 10-K for the year ended December 31, 2013, formatted in XBRL (Extensible Business Reporting Language) includes: (i) the Consolidated Balance Sheets as of December 31, 2013 and 2012, (ii) the Consolidated Statements of Earnings for each of the three years ended December 31, 2013, 2012 and 2011, (iii) Consolidated Statements of Comprehensive Income for each of the three years ended December 31, 2013, 2012 and 2011, (iv) the Consolidated Statements of Changes in Shareholders' Equity for each of the three years ended December 31, 2013, 2012 and 2011, (v) the Consolidated Statements of Cash Flows for each of the three years ended December 31, 2013, 2012 and 2011 and (vi) the Notes to Consolidated Financial Statements and Schedule I, tagged in summary and detail.

BERKSHIRE HATHAWAY INC.
Calculation of Ratio of Consolidated Earnings to Consolidated Fixed Charges
(Dollars in millions)

	Year Ended December 31,				
	2013	2012	2011	2010	2009
Net earnings attributable to Berkshire Hathaway shareholders	$19,476	$14,824	$10,254	$12,967	$ 8,055
Income tax expense	8,951	6,924	4,568	5,607	3,538
Earnings attributable to noncontrolling interests	369	488	492	527	386
Earnings or loss from equity method investments	255	—	—	(50)	(427)
Dividends from equity method investments	—	—	—	20	132
Fixed charges	3,386	3,304	3,219	3,084	2,279
Earnings available for fixed charges	$ 32,437	$25,540	$18,533	$22,155	$13,963
Fixed charges					
Interest on indebtedness (including amortization of debt discount and expense)	$ 2,801	$ 2,744	$ 2,664	$ 2,558	$ 1,992
Rentals representing interest and other	585	560	555	526	287
	$ 3,386	$ 3,304	$ 3,219	$ 3,084	$ 2,279
Ratio of earnings to fixed charges	9.58x	7.73x	5.76x	7.18x	6.13x

BERKSHIRE HATHAWAY INC.
Subsidiaries of Registrant (1)
December 31, 2013

Company Name	Domicile or State of Incorporation
Acme Brick Company	Delaware
Acme Building Brands, Inc.	Delaware
Albecca Inc.	Georgia
Anderson Hardwood Floors, LLC	Georgia
Applied Underwriters, Inc.	Nebraska
Ben Bridge Corporation	Washington
Ben Bridge Jeweler, Inc.	Washington
Benjamin Moore & Co.	New Jersey
Benjamin Moore & Co., Limited	Canada
Benson Industries, Inc.	Oregon
Berkshire Hathaway Assurance Corporation	New York
Berkshire Hathaway Credit Corporation	Nebraska
Berkshire Hathaway Finance Corporation	Delaware
Berkshire Hathaway Homestate Insurance Company	Nebraska
Berkshire Hathaway International Insurance Limited (UK)	United Kingdom
Berkshire Hathaway Life Insurance Company of Nebraska	Nebraska
Berkshire Hathaway Specialty Insurance Company	Nebraska
BH Media Group, Inc.	Delaware
BHSF, Inc.	Delaware
BH Finance LLC	Nebraska
BH Shoe Holdings, Inc.	Delaware
BNSF Railway Company	Delaware
Boat America Corporation	Virginia
Borsheim Jewelry Company, Inc.	Nebraska
Brooks Sports, Inc.	Washington
The Buffalo News, Inc.	Delaware
Burlington Northern Santa Fe, LLC	Delaware
Bushwick Metals LLC	Delaware
Business Wire, Inc.	Delaware
California Insurance Company	California
Campbell Hausfeld/Scott Fetzer Company	Delaware
CE Electric UK Holdings	United Kingdom
Central States Indemnity Co. of Omaha	Nebraska
Central States of Omaha Companies, Inc.	Nebraska
Cerro Flow Products LLC	Delaware
Cerro Wire LLC	Delaware
Chemtool Incorporated	Delaware
Clal U.S. Holdings, Inc.	Delaware
Clayton Homes, Inc.	Delaware
CMH Homes, Inc.	Tennessee
CMH Manufacturing, Inc.	Tennessee
CMH Parks, Inc.	Tennessee
Columbia Insurance Company	Nebraska
CORT Business Services Corporation	Delaware
CTB International Corp.	Indiana
Cubic Designs, Inc.	Wisconsin
Cypress Insurance Company	California
Delta Wholesale Liquors, Inc.	Tennessee
Ecowater Systems LLC	Delaware
Empire Distributors, Inc.	Georgia
Empire Distributors of North Carolina, Inc.	Georgia

BERKSHIRE HATHAWAY INC.
Subsidiaries of Registrant (1)
December 31, 2013

Company Name	Domicile or State of Incorporation
EXSIF Worldwide, Inc.	Delaware
Faraday Reinsurance Co. Limited	United Kingdom
Faraday Underwriting Limited	United Kingdom
The Fechheimer Brothers Company	Delaware
FlightSafety International Inc.	New York
FlightSafety Services Corporation	Delaware
Forest River, Inc.	Indiana
Freo Group Pty Ltd	Australia
Fruit of the Loom, Inc.	Delaware
Garan, Incorporated	Virginia
GEICO Advantage Insurance Company	Nebraska
GEICO Casualty Company	Maryland
GEICO Choice Insurance Company	Nebraska
GEICO Corporation	Delaware
GEICO General Insurance Company	Maryland
GEICO Indemnity Company	Maryland
GEICO Secure Insurance Company	Nebraska
GRD Holdings Corporation	Delaware
Gen Re Intermediaries Corporation	New York
General Re Life Corporation	Connecticut
General Re Corporation	Delaware
General Re Financial Products Corporation	Delaware
General Reinsurance Corporation	Delaware
General Star Indemnity Company	Delaware
General Star National Insurance Company	Delaware
General Reinsurance AG	Germany
General Reinsurance Africa Ltd.	South Africa
General Reinsurance Australia Ltd.	Australia
General Reinsurance Life Australia Ltd.	Australia
Genesis Insurance Company	Connecticut
Global Cranes Pty Ltd	Australia
Government Employees Insurance Company	Maryland
GUARD Insurance Group, Inc.	Delaware
Helzberg's Diamond Shops, Inc.	Missouri
H H. Brown Shoe Company, Inc.	Delaware
Homemakers Plaza, Inc.	Iowa
HomeServices of America, Inc.	Delaware
Horizon Wine & Spirits – Nashville, Inc.	Tennessee
Horizon Wine & Spirits – Chattanooga, Inc.	Tennessee
International Dairy Queen, Inc.	Delaware
IMC International Metalworking Companies B.V.	Netherlands
IMC (Germany) Holdings GmbH	Germany
Ingersoll Cutting Tool Company	Delaware
Ingersoll Werkzeuge GmbH	Germany
Iscar Ltd.	Israel
Johns Manville	Delaware
Johns Manville Corporation	Delaware
Johns Manville Slovakia, a.s.	Slovakia
Jordan's Furniture, Inc.	Massachusetts
Justin Brands, Inc.	Delaware
Justin Industries, Inc.	Texas

BERKSHIRE HATHAWAY INC.
Subsidiaries of Registrant (1)
December 31, 2013

Company Name	Domicile or State of Incorporation
Kahn Ventures, Inc.	Georgia
Kern River Gas Transmission Company	Texas
KR Holding, LLC	Delaware
L.A. Darling Company LLC	Delaware
Larson-Juhl US LLC	Georgia
Lipotec, S.A.	Spain
Lubrizol Advanced Materials Europe BVBA	Belgium
Lubrizol Advanced Materials International, Inc.	Delaware
Lubrizol Advanced Materials, Inc.	Delaware
The Lubrizol Corporation	Ohio
Lubrizol France SAS	France
Lubrizol (Gibraltar) Limited	Gibraltar
Lubrizol (Gibraltar) Limited Luxembourg SCS	Luxembourg
Lubrizol (Gibraltar) Minority Limited	Gibraltar
Lubrizol Holdings France SAS	France
Lubrizol International, Inc.	Cayman Islands
Lubrizol Luxembourg S.a.r.l.	Luxembourg
Lubrizol Overseas Trading Corporation	Delaware
Marmon Engineered Industrial & Metal Components, Inc.	Delaware
Marmon Holdings, Inc.	Delaware
Marmon Retail & End User Technologies, Inc.	Delaware
Marmon Natural Resource & Transportation Services, Inc.	Delaware
Marmon/Keystone LLC	Delaware
Marquis Jet Holdings, Inc.	Delaware
Marquis Jet Partners, Inc.	Delaware
McLane Company, Inc.	Texas
McLane Foodservice, Inc.	Texas
Meadowbrook Meat Company, Inc.	North Carolina
The Medical Protective Company	Indiana
Medical Protective Corporation	Indiana
Meyn Holding B.V.	Netherlands
Meyn Food Processing Technology B.V.	Netherlands
MHC Inc.	Iowa
MidAmerican Energy Company	Iowa
MidAmerican Energy Holdings Company	Iowa
MidAmerican Funding, LLC	Iowa
MidAmerican Renewables, LLC	Delaware
MidAmerican Transmission, LLC	Delaware
MiTek Industries, Inc.	Delaware
Mount Vernon Fire Insurance Company	Pennsylvania
Mouser Electronics, Inc.	Delaware
National Fire & Marine Insurance Company	Nebraska
National Indemnity Company	Nebraska
National Indemnity Company of the South	Florida
National Indemnity Company of Mid-America	Iowa
National Liability & Fire Insurance Company	Connecticut
Nebraska Furniture Mart, Inc.	Nebraska
Nederlandse Reassurantie Groep NV	Netherlands
NetJets Inc.	Delaware
Nevada Power Company	Nevada
NFM of Kansas, Inc	Kansas

BERKSHIRE HATHAWAY INC.
Subsidiaries of Registrant (1)
December 31, 2013

Company Name	Domicile or State of Incorporation
NNGC Acquisition, LLC	Delaware
Northern Electric plc.	United Kingdom
Northern Natural Gas Company	Delaware
Northern Powergrid (Northeast) Limited	United Kingdom
Northern Powergrid (Yorkshire) plc.	United Kingdom
Northern Powergrid Holdings Company	United Kingdom
Northern Powergrid Limited	United Kingdom
NV Energy, Inc.	Nevada
NVE Holdings, LLC	Delaware
Oak River Insurance Company	Nebraska
Omaha World-Herald Company	Delaware
OTC Worldwide Holdings, Inc.	Delaware
Oriental Trading Company, Inc.	Delaware
PacifiCorp	Oregon
Princeton Insurance Company	New Jersey
The Pampered Chef, Ltd.	Illinois
PPW Holdings LLC	Delaware
Precision Steel Warehouse, Inc.	Illinois
Railsplitter Holdings Corporation	Delaware
R C. Willey Home Furnishings	Utah
Redwood Fire and Casualty Insurance Company	Nebraska
Richline Group, Inc.	Delaware
RSCC Wire & Cable LLC	Delaware
Russell Brands, LLC	Delaware
Sager Electrical Supply Co. Inc.	Massachusetts
Schuller GmbH	Germany
Scott Fetzer Company	Delaware
Scott Fetzer Financial Group, Inc.	Delaware
See's Candies, Inc.	California
See's Candy Shops, Inc.	California
Shaw Contract Flooring Services, Inc.	Georgia
Shaw Industries Group, Inc.	Georgia
Sierra Pacific Power Company	Nevada
Söffl Shoe Company, LLC	Delaware
Star Furniture Company	Texas
Sterling Crane LLC	Delaware
TaeguTec Ltd.	Korea
TTI, Inc.	Delaware
Tungaloy Corporation	Japan
Unarco Industries LLC	Delaware
Union Tank Car Company	Delaware
Union Underwear Company, Inc.	Delaware
United States Liability Insurance Company	Pennsylvania
U.S Investment Corporation	Pennsylvania
U.S. Underwriters Insurance Company	North Dakota
Vanderbilt Mortgage and Finance, Inc.	Tennessee
21st Mortgage Corporation	Delaware
Vanity Fair Brands, LP	Delaware
Webb Wheel Products, Inc.	Delaware
Wells Lamont LLC	Delaware

Reg. S-K
Item 601
Exhibit 21

BERKSHIRE HATHAWAY INC.
Subsidiaries of Registrant (1)
December 31, 2013

Company Name	Domicile or State of Incorporation
World Book/Scott Fetzer Company, Inc.	Nebraska
XTRA Corporation	Delaware
XTRA Finance Corporation	Delaware
XTRA Lease LLC	Delaware
XTRA LLC	Maine
Yorkshire Electricity Group plc.	United Kingdom
Yorkshire Power Group Limited	United Kingdom

(1) Each of the named subsidiaries is not necessarily a "significant subsidiary" as defined in Rule 1-02(w) of Regulation S-X, and Berkshire has several additional subsidiaries not named above. The unnamed subsidiaries, considered in the aggregate as a single subsidiary, would not constitute a "significant subsidiary" at the end of the year covered by this report.

Reg. S-K
Item 601
Exhibit 23

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in Registration Statement No. 333- 186257 on Form S-3 and Registration Statement Nos. 333-53046, 333-64284, 333-70609, 333-74312, 333-75612, 333-101662, 333-164961, 333-164959, 333-164958, 333-111614, and 333-179855 on Form S-8 of our reports dated February 28, 2014, relating to the consolidated financial statements and financial statement schedule of Berkshire Hathaway Inc., and the effectiveness of Berkshire Hathaway Inc.'s internal control over financial reporting, appearing in this Annual Report on Form 10-K of Berkshire Hathaway Inc. for the year ended December 31, 2013.

/s/ Deloitte & Touche LLP

Omaha, Nebraska
February 28, 2014

EXHIBIT 31.1

FORM 10-K

Year ended December 31, 2013

Rule 13a-14(a)/15d-14(a) Certifications

CERTIFICATIONS

I, Warren E. Buffett, certify that:

1. I have reviewed this annual report on Form 10-K of Berkshire Hathaway Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4 The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 28, 2014

/s/ WARREN E. BUFFETT

Chairman—Principal Executive Officer

EXHIBIT 31.2

FORM 10-K

Year ended December 31, 2013

Rule 13a-14(a)/15d-14(a) Certifications

CERTIFICATIONS

I, Marc D. Hamburg, certify that:

1. I have reviewed this annual report on Form 10-K of Berkshire Hathaway Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 28, 2014

/s/ MARC D. HAMBURG

Senior Vice President—Principal Financial Officer

EXHIBIT 32.2

FORM 10-K

Section 1350 Certifications

Year ended December 31, 2013

I, Marc D. Hamburg, Senior Vice President and Chief Financial Officer of Berkshire Hathaway Inc. (the "Company"), certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350, that to the best of my knowledge:

(1) the Annual Report on Form 10-K of the Company for the period ended December 31, 2013 (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m or 78o(d)); and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: February 28, 2014

/S/ MARC D HAMBURG

Marc D. Hamburg
Senior Vice President and Chief Financial Officer

EXHIBIT 95

MINE SAFETY VIOLATIONS AND OTHER LEGAL MATTER DISCLOSURES PURSUANT TO SECTION 1503(a) OF THE DODD-FRANK WALL STREET REFORM AND CONSUMER PROTECTION ACT

PacifiCorp and its subsidiaries operate coal mines and coal processing facilities and Acme Brick and its affiliates operate clay, shale and limestone excavation facilities (collectively, the "mining facilities") that are regulated by the Federal Mine Safety and Health Administration ("MSHA") under the Federal Mine Safety and Health Act of 1977 (the "Mine Safety Act"). MSHA inspects mining facilities on a regular basis. The total number of reportable Mine Safety Act citations, orders, assessments and legal actions for the year ended December 31, 2013 are summarized in the table below and are subject to contest and appeal. The severity and assessment of penalties may be reduced or, in some cases, dismissed through the contest and appeal process. Amounts are reported regardless of whether PacifiCorp or Acme has challenged or appealed the matter. Coal, clay and other reserves that are not yet mined and mines that are closed or idled are not included in the information below as no reportable events occurred at those locations during the year ended December 31, 2013. PacifiCorp and Acme have not received any notice of a pattern, or notice of the potential to have a pattern, of violations of mandatory health or safety standards that are of such nature as could have significantly and substantially contributed to the cause and effect of coal or other mine health or safety hazards under Section 104(e) of the Mine Safety Act during the year ended December 31, 2013.

	Mine Safety Act							Legal Actions		
Mining Facilities	Section 104 Significant and Substantial Citations[1]	Section 104(b) Orders[2]	Section 104(d) Citations/ Orders[3]	Section 110(b)(2) Violations[4]	Section 107(a) Imminent Danger Orders[5]	Total Value of Proposed MSHA Assessments (in thousands)	Total Number of Mining Related Fatalities	Pending as of Last Day of Period[6]	Instituted During Period	Resolved During Period
Coal:										
Deer Creek	18	1	—	—	—	$ 97	—	9	14	10
Bridger (surface)	1	—	—	—	—	5	—	4	5	3
Bridger (underground)	19	—	—	—	—	225	—	11	10	25
Cottonwood Preparatory Plant	—	—	—	—	—	—	—	—	—	—
Wyodak Coal Crushing Facility	—	—	—	—	—	—	—	—	—	—
Clay, shale and limestone:										
Minnesota	—	—	—	—	—	—	—	—	—	—
Malvern	—	—	—	—	—	—	—	—	—	—
Wheeler	—	—	—	—	—	—	—	—	—	—
Eureka	—	—	—	—	—	—	—	—	—	—
Fort Smith	—	—	—	—	—	—	—	—	—	—
Kanopolis	—	—	—	—	—	—	—	—	—	—
Oklahoma City	—	—	—	—	—	—	—	—	—	—
Tulsa	—	—	—	—	—	—	—	—	—	—
Denver	—	—	—	—	—	—	—	—	—	—
Bennett	—	—	—	—	—	—	—	—	—	—
Denton	—	—	—	—	—	—	—	—	—	—
Elgin	—	—	—	—	—	—	—	—	—	—
McQueeney	—	—	—	—	—	—	—	—	—	—
Garrison	—	—	—	—	—	—	—	—	—	—
Sealy	—	—	—	—	—	—	—	—	—	—
Texas Clay	1	—	—	—	—	—	—	—	—	—
Leeds	—	—	—	—	—	—	—	—	—	—
Montgomery	—	—	—	—	—	—	—	—	—	—
Lueders	—	—	—	—	—	—	—	—	—	—
Cordova	—	—	—	—	—	—	—	—	—	—

(1) Citations for alleged violations of mandatory health and safety standards that could significantly or substantially contribute to the cause and effect of a safety or health hazard under Section 104 of the Mine Safety Act. One of the citations at Deer Creek was subsequently modified by MSHA to a non-significant and substantial citation. Four of the citations at Bridger (underground) were subsequently settled with the Federal Mine Safety and Health Review Commission and were reduced to non-significant and substantial citations

(2) For alleged failure to totally abate the subject matter of a Mine Safety Act Section 104(a) citation within the period specified in the citation.

(3) For alleged unwarrantable failure (i.e., aggravated conduct constituting more than ordinary negligence) to comply with a mandatory health or safety standard.

(4) For alleged flagrant violations (i.e., reckless or repeated failure to make reasonable efforts to eliminate a known violation of a mandatory health or safety standard that substantially and proximately caused, or reasonably could have been expected to cause, death or serious bodily injury)

(5) For the existence of any condition or practice in a coal or other mine which could reasonably be expected to cause death or serious physical harm before such condition or practice can be abated

(6) Amounts include 20 contests of proposed penalties under Subpart C and one contest of a citation under Subpart B and three labor-related complaints under Subpart E of the Federal Mine Safety and Health Review Commission's procedural rules. The pending legal actions are not exclusive to citations, notices, orders and penalties assessed by MSHA during the reporting period

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SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of the Securities Exchange Act of 1934
(Amendment No.)

Filed by the Registrant ☑

Filed by a Party other than the Registrant ☐

Check the appropriate box:

☐ Preliminary Proxy Statement

☐ **Confidential for Use of the Commission Only (as permitted by Rule 14a-6[e][2])**

☑ Definitive Proxy Statement

☐ Definitive Additional Materials

☐ Soliciting Material Pursuant to § 240.14a-12

BERKSHIRE HATHAWAY INC.

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement If Other Than The Registrant)

Payment of Filing Fee (Check the appropriate box):

☑ No fee required

☐ Fee computed on table below per Exchange Act Rules 14a-6(i)(4) and 0-11.

1) Title of each class of securities to which transaction applies:

2) Aggregate number of securities to which transaction applies:

3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11: (Set forth the amount on which the filing fee is calculated and state how it was determined.)

4) Proposed maximum aggregate value of transaction:

5) Total fee paid:

☐ Fee paid previously with preliminary materials.

☐ Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

1) Amount Previously Paid:

2) Form, Schedule or Registration Statement No.:

3) Filing Party:

4) Date Filed:

BERKSHIRE HATHAWAY INC.

3555 Farnam Street
Omaha, Nebraska 68131

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

May 4, 2013

TO THE SHAREHOLDERS:

Notice is hereby given that the Annual Meeting of the Shareholders of Berkshire Hathaway Inc. will be held at the CenturyLink Center Omaha, 455 North 10th Street, Omaha, Nebraska, on May 4, 2013 at 3:45 p.m. for the following purposes:

1. To elect directors.
2. To act on a shareholder proposal if properly presented at the meeting.
3. To consider and act upon any other matters that may properly come before the meeting or any adjournment thereof.

The Board of Directors has fixed the close of business on March 6, 2013 as the record date for determining the shareholders having the right to vote at the meeting or any adjournment thereof. A list of such shareholders will be available for examination by a shareholder for any purpose germane to the meeting during ordinary business hours at the offices of the Corporation at 3555 Farnam Street, Omaha, Nebraska, during the ten days prior to the meeting.

You are requested to date, sign and return the enclosed proxy which is solicited by the Board of Directors of the Corporation and will be voted as indicated in the accompanying proxy statement and proxy. A return envelope is provided which requires no postage if mailed in the United States. If mailed elsewhere, foreign postage must be affixed.

Prior to the formal annual meeting, just as in recent years, the doors will open at the CenturyLink Center at 7:00 a.m. and the movie will be shown at 8:30 a.m. At 9:30 a.m., the question and answer period will commence. The question and answer period will last until 3:30 p.m. (with a short break for lunch). After a recess, the formal Annual Meeting of Shareholders will convene at 3:45 p.m.

By order of the Board of Directors

FORREST N. KRUTTER, *Secretary*

Omaha, Nebraska
March 15, 2013

A shareholder may request meeting credentials for admission to the meeting by completing and promptly returning to the Company the meeting credential order form accompanying this notice. Otherwise, meeting credentials may be obtained at the meeting by persons identifying themselves as shareholders as of the record date. For a record owner, possession of a proxy card will be adequate identification. For a beneficial-but-not-of-record owner, a copy of a broker's statement showing shares held for his or her benefit on March 6, 2013 will be adequate identification.

BERKSHIRE HATHAWAY INC.
3555 Farnam Street
Omaha, Nebraska 68131

PROXY STATEMENT FOR ANNUAL MEETING OF SHAREHOLDERS May 4, 2013

This statement is furnished in connection with the solicitation by the Board of Directors ("Board") of Berkshire Hathaway Inc. (hereinafter "Berkshire" or "Corporation" or "Company") of proxies in the accompanying form for the Annual Meeting of Shareholders to be held on Saturday, May 4, 2013 at 3:45 p.m. and at any adjournment thereof. This proxy statement and the enclosed form of proxy were first sent to shareholders on or about March 15, 2013. If the form of proxy enclosed herewith is executed and returned as requested, it may nevertheless be revoked at any time prior to exercise by filing an instrument revoking it or a duly executed proxy bearing a later date. Solicitation of proxies will be made solely by mail at the Corporation's expense. The Corporation will reimburse brokerage firms, banks, trustees and others for their actual out-of-pocket expenses in forwarding proxy material to the beneficial owners of its common stock.

As of the close of business on March 6, 2013, the record date for the Annual Meeting, the Corporation had outstanding and entitled to vote 892,657 shares of Class A Common Stock (hereinafter called "Class A Stock") and 1,126,012,136 shares of Class B Common Stock (hereinafter called "Class B Stock"). Each share of Class A Stock is entitled to one vote per share and each share of Class B Stock is entitled to one-ten-thousandth (1/10,000) of one vote per share on all matters submitted to a vote of shareholders of the Corporation. The Class A Stock and Class B Stock vote together as a single class on the matters described in this proxy statement. Only shareholders of record at the close of business on March 6, 2013 are entitled to vote at the Annual Meeting or at any adjournment thereof.

The presence at the meeting, in person or by proxy, of the holders of Class A Stock and Class B Stock holding in the aggregate a majority of the voting power of the Corporation's stock entitled to vote shall constitute a quorum for the transaction of business. A plurality of the votes properly cast for the election of directors by the shareholders attending the meeting, in person or by proxy, will elect directors to office. However, pursuant to the Berkshire Hathaway Inc. Corporate Governance Guidelines, if a director nominee in an uncontested election receives a greater number of votes "withheld" from his or her election than votes "for" that director's election, the nominee shall promptly offer his or her resignation to the Board. A committee consisting of the Board's independent directors (which will specifically exclude any director who is required to offer his or her own resignation) shall consider all relevant factors and decide on behalf of the Board the action to be taken with respect to such offered resignation and will determine whether to accept the resignation or take other action. The Corporation will publicly disclose the Board's decision with regard to any resignation offered under these circumstances with an explanation of how the decision was reached, including, if applicable, the reasons for rejecting the offered resignation.

A majority of votes properly cast upon any other question shall decide the question. Abstentions will count for purposes of establishing a quorum, but will not count as votes cast for the election of directors or any other question. Accordingly, abstentions will have no effect on the election of directors and are the equivalent of an "against" vote on matters requiring a majority of votes properly cast to decide the question. Broker non-votes will not count for purposes of establishing a quorum or as votes cast for the election of directors or any other question and accordingly will have no effect. Shareholders who send in proxies but attend the meeting in person may vote directly if they prefer and withdraw their proxies or may allow their proxies to be voted with the similar proxies sent in by other shareholders.

IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE SHAREHOLDER MEETING TO BE HELD ON MAY 4, 2013.

The Proxy Statement for the Annual Meeting of Shareholders to be held on May 4, 2013 and the 2012 Annual Report to the Shareholders are available at www.berkshirehathaway.com/eproxy.

1. ELECTION OF DIRECTORS

At the 2013 Annual Meeting of Shareholders, a Board of Directors consisting of 13 members will be elected, each director to hold office until a successor is elected and qualified, or until the director resigns, is removed or becomes disqualified.

The Governance, Compensation and Nominating Committee ("Governance Committee") has established certain attributes that it seeks in identifying candidates for directors. In particular the Governance Committee looks for individuals who have very high integrity, business savvy, an owner-oriented attitude and a deep genuine interest in Berkshire. These are the same attributes that Warren Buffett, Berkshire's Chairman and CEO, believes to be essential if one is to be an effective member of the Board of Directors. In considering candidates for director, the Governance Committee considers the entirety of each candidate's credentials in the context of these attributes. In the judgment of the Governance Committee as well as that of the Board as a whole, each of the candidates being nominated for director possesses such attributes.

Upon the recommendation of the Governance Committee and Mr. Buffett, the Board of Directors has nominated for election the 12 current directors of the Corporation and Ms. Meryl B. Witmer. Certain information with respect to nominees for election as directors is contained in the following table:

WARREN E. BUFFETT, age 82, has been a director and the controlling shareholder of the Corporation since 1965 and has been its Chairman and Chief Executive Officer since 1970. He was a director of The Washington Post Company until May 2011.

Additional Qualifications:

Warren Buffett brings to the Board his 43 years of experience as Chairman and Chief Executive Officer of the Corporation.

HOWARD G. BUFFETT, age 58, has been a director of the Corporation since 1993. For more than the past five years, Mr. Buffett has been President of Buffett Farms and President of the Howard G. Buffett Foundation, a charitable foundation that directs funding for humanitarian and conservation related issues. He is also a director of The Coca-Cola Company, Lindsay Corporation and Sloan Implement Company.

Additional Qualifications:

Howard Buffett brings to the Board his experience as the owner of a small business, as a past senior executive of a public corporation, as a director of public corporations and as the President of a large charitable foundation.

STEPHEN B. BURKE, age 54, has been a director of the Corporation since 2009. Mr. Burke has been the Chief Executive Officer of NBCUniversal and Executive Vice President of Comcast Corporation since January 2011. Prior to that time, from 1998 until January 2011, he was the Chief Operating Officer of Comcast Corporation. He is also a director of JPMorgan Chase & Co.

Additional Qualifications:

Stephen Burke brings to the Board his experience as a senior executive of a public corporation and his financial expertise as a director of a major banking institution.

SUSAN L. DECKER, age 50, has been a director of the Corporation since 2007. Ms. Decker also serves on the boards of directors of Intel Corporation, Costco Wholesale Corporation and LegalZoom. During the 2009-2010 school year, she served as Entrepreneur-in-Residence at Harvard Business School. Prior to that, from June 2000 to April 2009, Ms. Decker held various executive management positions at Yahoo! Inc., a global Internet brand, including President (June 2007 to April 2009), head of the Advertiser and Publisher Group (December 2006 to June 2007) and Chief Financial Officer (June 2000 to June 2007). Before Yahoo!, Ms. Decker spent 14 years with Donaldson, Lufkin & Jenrette. She is a Chartered Financial Analyst and served on the Financial Accounting Standards Advisory Council for a four-year term, from 2000 to 2004.

Additional Qualifications:

Susan Decker brings to the Board her experience as a past senior executive of a public corporation and a director of public corporations and her financial expertise as a former financial analyst and a former member of the Financial Accounting Standards Advisory Council.

WILLIAM H. GATES III, age 57, has been a director of the Corporation since 2005. Mr. Gates currently serves as Co-chair of the Bill & Melinda Gates Foundation. For more than the past five years, Mr. Gates has also served as Chairman of the Board of Directors of Microsoft Corporation, a software company. Mr. Gates was the Chief Executive Officer of Microsoft Corporation from its incorporation in 1981 until January 2000.

Additional Qualifications:

William Gates brings to the Board his experience and financial expertise as the chairman of the board of directors and as a past chief executive officer of a public corporation and as the co-chair of a major charitable foundation.

DAVID S. GOTTESMAN, age 86, has been a director of the Corporation since 2004. For more than the past five years, he has been a principal of First Manhattan Co., an investment advisory firm. Mr. Gottesman is Vice Chairman and a trustee of the American Museum of Natural History.

Additional Qualifications:

David Gottesman brings to the Board his experience and financial expertise as principal of a private investment manager.

CHARLOTTE GUYMAN, age 56, has been a director of the Corporation since 2003. Ms. Guyman was a general manager with Microsoft Corporation until July 1999 and has been retired since that time. She is a director of Space Needle LLC and was former Chairman of the Board of Directors of UW Medicine, an academic medical center.

Additional Qualifications:

Charlotte Guyman brings to the Board her experience as a past senior executive of a public corporation and her financial expertise as the former chairman of a major academic medical center.

DONALD R. KEOUGH, age 86, has been a director of the Corporation since 2003. For more than the past five years, he has been Chairman of Allen & Company, an investment banking firm. Mr. Keough currently is a director of The Coca-Cola Company and is Chairman Emeritus of the University of Notre Dame.

Additional Qualifications:

Donald Keough brings to the Board his experience and financial expertise as the chairman of an investment banking firm, director of public corporations and as a past senior executive of a public corporation.

CHARLES T. MUNGER, age 89, has been a director and Vice Chairman of the Corporation's Board of Directors since 1978. Between 1984 and 2011, he was Chairman of the Board of Directors and Chief Executive Officer of Wesco Financial Corporation, approximately 80%-owned by the Corporation during that period. He also served as President of Wesco Financial Corporation between 2005 and 2011. Mr. Munger is also Chairman of the Board of Directors of Daily Journal Corporation, a director of Costco Wholesale Corporation and Chairman of the Board of Trustees of Good Samaritan Hospital.

Additional Qualifications:

Charles Munger brings to the Board his 35 years of experience as Vice Chairman of the Corporation.

THOMAS S. MURPHY, age 87, has been a director of the Corporation since 2003. Mr. Murphy has been retired since 1996. He was Chairman of the Board and Chief Executive Officer of Capital Cities/ABC, Inc. from 1966 to 1990 and from February 1994 until his retirement in 1996.

Additional Qualifications:

Thomas Murphy brings to the Board his experience and financial expertise as a past chief executive officer of a public corporation and as a past director of public corporations.

RONALD L. OLSON, age 71, has been a director of the Corporation since 1997. For more than the past five years, he has been a partner in the law firm of Munger, Tolles & Olson LLP. He is also a director of City National Corporation, Edison International, Southern California Edison and The Washington Post Company and he is a trustee of Western Asset Funds.

Additional Qualifications:

Ronald Olson brings to the Board his experience and expertise in legal issues and corporate governance as a partner of a law firm and as a director of public corporations.

WALTER SCOTT, JR., age 81, has been a director of the Corporation since 1988. For more than the past five years, he has been Chairman of the Board of Directors of Level 3 Communications, Inc., which is engaged in telecommunications and computer outsourcing and is a successor to certain businesses of Peter Kiewit Sons' Inc. He is also a director of Peter Kiewit Sons' Inc. and Valmont Industries Inc.

Additional Qualifications:

Walter Scott brings to the Board his experience and financial expertise as a past chief executive officer and as a director of both public and private corporations and as chairman of a major charitable foundation.

MERYL B. WITMER, age 51, has been nominated to fill a vacancy created by the decision of the Board of Directors to increase its size from twelve to thirteen members. Since January 2001, Ms. Witmer has been a managing member of the General Partner of Eagle Capital Partners, L.P., an investment partnership. From 1989 through the end of 2000, she was one of two General Partners at Buchanan, Parker Asset Management which managed Emerald Partners L.P., an investment partnership.

Additional Qualifications:

Meryl Witmer brings to the Board her experience and financial expertise as a manager of an investment fund.

When the accompanying proxy is properly executed and returned, the shares it represents will be voted in accordance with the directions indicated thereon or, if no direction is indicated, the shares will be voted in favor of the election of the thirteen nominees identified above. The Corporation expects each nominee to be able to serve if elected, but if any nominee notifies the Corporation before the annual meeting that he or she is unable to do so, then the proxies will be voted for the remainder of those nominated and, as designated by the directors, may be voted (i) for a substitute nominee or nominees, or (ii) to elect such lesser number to constitute the whole Board as equals the number of nominees who are able to serve.

Directors' Independence

The Governance Committee of the Board of Directors has concluded that the following directors and Ms. Witmer are independent in accordance with the director independence standards of the Securities and Exchange Commission pursuant to Item 407(a) of Regulation S-K, and has determined that none of them has a material relationship with the Corporation which would impair his or her independence from management or otherwise compromise his or her ability to act as an independent director: Stephen B. Burke; Susan L. Decker; William H. Gates III; David S. Gottesman; Charlotte Guyman; Donald R. Keough; Thomas S. Murphy; Walter Scott, Jr. and Meryl B. Witmer.

In making its determination with respect to Mr. Scott, the Governance Committee considered his role as a director of and the holder of 9.4% of the voting stock of MidAmerican Energy Holdings Company in which the Corporation owns approximately 89.8% of the voting stock. The Governance Committee also considered the agreement between the Corporation and Mr. Scott that requires Mr. Scott and his related family interests, before selling their MidAmerican shares, to give the Corporation the right of first refusal to purchase their shares (if the Corporation is legally permitted to buy them) or the opportunity to assign its right to purchase to a third party (if it is not legally permitted to buy them). That same agreement also gives Mr. Scott and his related family interests the right to put their shares to the Corporation (if the Corporation is legally permitted to buy them) at fair market value to be determined by independent appraisal if the sellers do not agree with the price offered by the Corporation, and payable in Berkshire shares. The Governance Committee considered these relationships in light of the attributes it believes need to be possessed by independent-minded directors, including personal financial substance and a lack of economic dependence on the Corporation, as well as business wisdom and ownership of Berkshire shares. The Governance Committee concluded that Mr. Scott's relationships, rather than interfering with his ability to be independent from management, are consistent with the business and financial substance that have made and continue to make him an independent director.

In making its determination with respect to Mr. Gates, the Governance Committee considered that Mr. Gates and his wife are trustees of the Bill & Melinda Gates Foundation ("Gates Foundation") that since 2006 received donations from Warren Buffett of 150,831,373 Class B shares of the Corporation. These shares were received in connection with Mr. Buffett's pledge to donate Class B Stock to the Gates Foundation over the remainder of Mr. Buffett's life. Terms of his pledge are described on Berkshire's website at www.berkshirehathaway.com under the heading "Letters from Warren E. Buffett Regarding

Pledges to Make Gifts of Berkshire Stock." The Governance Committee considered these relationships in light of the attributes it believes need to be possessed by independent-minded directors, including personal financial substance and a lack of economic dependence on the Corporation, as well as business wisdom and ownership of Berkshire shares. The Governance Committee concluded that Mr. Gates' relationship to the Gates Foundation had no impact on his independence and that he continued to qualify as an independent director.

Howard G. Buffett is the son of Warren Buffett. Ronald L. Olson is a partner of the law firm of Munger, Tolles & Olson LLP. Munger, Tolles & Olson LLP rendered legal services to the Corporation and its subsidiaries in 2012 and has been rendering services in 2013. The Corporation and its subsidiaries paid fees of $4.2 million to Munger, Tolles & Olson LLP during 2012.

Board of Directors' Leadership Structure and Role in Risk Oversight

Warren E. Buffett is Berkshire's Chief Executive Officer and Chairman of the Board of Directors. He is Berkshire's largest shareholder and owns shares of Berkshire that represent 34.5% of the voting interest and 21.3% of the economic interest. As such he may be deemed to be Berkshire's controlling shareholder. It is Mr. Buffett's opinion that a controlling shareholder who is active in the business, as is currently the case and has been the case for Mr. Buffett for over the last 40 years, should hold both roles. This opinion is shared by Berkshire's Board of Directors. The Board of Directors has not named a lead independent director.

Mr. Buffett and the other members of the Board of Directors extensively discuss succession planning at each meeting of the Board. Upon his death or inability to manage Berkshire, no member of the Buffett family will be involved in managing Berkshire but, as very substantial Berkshire shareholders, the Buffett family will assist the Board of Directors in picking and overseeing the CEO selected to succeed Mr. Buffett. At that time, Mr. Buffett believes it would be prudent to have a member of the Buffett family serve as the non-executive Chairman of the Board. Ultimately, however, that decision will be the responsibility of the then Board of Directors.

The full Board of Directors has responsibility for general oversight of risks. It receives reports from Mr. Buffett and other members of senior management at least twice a year on areas of risk facing the Corporation. Also, at least once a year, the senior management of the Corporation's significant businesses reports to the Board of Directors on risks facing their respective businesses. In addition, as part of its charter, the Audit Committee discusses Berkshire's policies with respect to risk assessment and risk management.

Board of Directors' Meetings

Board of Directors' actions were taken in 2012 at the Annual Meeting of Directors that followed the 2012 Annual Meeting of Shareholders and at one special meeting and upon two occasions by directors' unanimous written consent. Each current director attended all meetings of the Board and of the Committees of the Board on which he or she served. Directors are encouraged but not required to attend annual meetings of the Corporation's shareholders. All current directors of the Corporation attended the 2012 Annual Meeting of Shareholders.

Board of Directors' Committees

The Board of Directors has established an Audit Committee in accordance with Section 3(a)(58)A of the Securities Exchange Act of 1934. The Audit Committee consists of Susan L. Decker, Charlotte Guyman, Donald R. Keough and Thomas S. Murphy. The Board of Directors has determined that Mr. Murphy is an "audit committee financial expert" as that term is used in Item 401(h) of Regulation S-K promulgated under the Securities Exchange Act. All current members of the Audit Committee meet the criteria for independence set forth in Rule 10A-3 under the Securities Exchange Act and in Section 303A of the New York Stock Exchange Listed Company Manual. The Audit Committee assists the Board with oversight of a) the integrity of the Corporation's financial statements, b) the Corporation's compliance with legal and regulatory requirements and c) the qualifications and independence of the Corporation's independent public accountants and the Corporation's internal audit function. The Audit Committee meets periodically with the Corporation's independent public accountants, Director of Internal Auditing and members of management and reviews the Corporation's accounting policies and internal controls. The Audit Committee also selects the firm of independent public accountants to be retained by the Corporation to perform the audit. The Audit Committee held five meetings during 2012. The Board of Directors adopted an Audit Committee Charter on April 29, 2000, which was subsequently amended and restated on March 2, 2004. The amended Audit Committee Charter is available on Berkshire's website at www.berkshirehathaway.com.

The Board of Directors has established a Governance Committee and adopted a Charter to define and outline the responsibilities of its members. A copy of the Governance Committee's Charter is available on Berkshire's website at www.berkshirehathaway.com. The Governance Committee consists of Susan L. Decker, David S. Gottesman and Walter Scott, Jr., all of whom are independent directors in accordance with the New York Stock Exchange director independence standards.

The role of the Governance Committee is to assist the Board of Directors by a) recommending governance guidelines applicable to Berkshire; b) identifying, evaluating and recommending the nomination of Board members; c) setting the compensation of Berkshire's Chief Executive Officer and performing other compensation oversight; d) reviewing related persons transactions and e) assisting the Board with other related tasks, as assigned from time to time. The Governance Committee met twice during 2012.

Director Nominations

Berkshire does not have a policy regarding the consideration of diversity in identifying nominees for director. In identifying director nominees, the Governance Committee does not seek diversity, however defined. Instead, as previously discussed, the Governance Committee looks for individuals who have very high integrity, business savvy, an owner-oriented attitude and a deep genuine interest in the Company. With respect to the selection of director nominees at the 2013 Annual Meeting of Shareholders, the Governance Committee recommends the Board nominate each of the 12 directors currently serving on the Board and Ms. Meryl Witmer.

Berkshire's Governance Committee has a policy under which it will consider recommendations presented by shareholders. A shareholder wishing to submit such a recommendation should send a letter to the Secretary of the Corporation at 3555 Farnam Street, Omaha, NE 68131. The mailing envelope must contain a clear notation that the enclosed letter is a "Director Nominee Recommendation." The Secretary must receive the recommendation by December 20, 2013, for it to be considered by the Committee for the 2014 Annual Meeting of Shareholders. The letter must identify the author as a shareholder and provide a brief summary of the candidate's qualifications. At a minimum, candidates recommended for nomination to the Board of Directors must meet the director independence standards of the New York Stock Exchange. The Governance Committee's policy provides that candidates recommended by shareholders will be evaluated using the same criteria as are applied to all other candidates.

Director Compensation

Directors of the Corporation or its subsidiaries who are employees or spouses of employees do not receive fees for attendance at directors' meetings. A director who is not an employee or a spouse of an employee receives a fee of $900 for each meeting attended in person and $300 for participating in any meeting conducted by telephone. A director who serves as a member of the Audit Committee receives a fee of $1,000 quarterly. Directors are reimbursed for their out-of-pocket expenses incurred in attending meetings of directors or shareholders. The Company does not provide directors and officers liability insurance to its directors.

The following table provides compensation information for the year ended December 31, 2012 for each non-management member of the Corporation's Board of Directors.

	Fees Earned or Paid in Cash	Total
Howard G. Buffett	$ 1,800	$1,800
Stephen B. Burke	1,800	1,800
Susan L. Decker	5,800	5,800
William H. Gates III	1,800	1,800
David S. Gottesman	1,800	1,800
Charlotte Guyman	5,800	5,800
Donald R. Keough	5,800	5,800
Thomas S. Murphy	5,800	5,800
Ronald L. Olson	1,800	1,800
Walter Scott, Jr.	1,800	1,800

Security Ownership of Certain Beneficial Owners and Management

Warren E. Buffett, whose address is 3555 Farnam Street, Omaha, NE 68131, is a nominee for director and the only person known to the Corporation to be the beneficial owner of more than 5% of the Corporation's Class A Stock. The Bill & Melinda Gates Foundation Trust, whose address is 2365 Carillon Point, Kirkland, WA 98033, of which William H. Gates III is a trustee, is the beneficial owner of more than 5% of the Corporation's Class B Stock. Blackrock Inc. whose address is 40 East 52nd Street, New York, NY 10022, reported on a Form 13-G filed with the Securities and Exchange Commission on February 8, 2013 it was the beneficial owner of 77,069,842 shares of Class B Common Stock. Such shares represent approximately 6.8% of the outstanding shares of Class B Common Stock and 0.8% of the aggregate voting power of Class A and Class B Common Stock. State Street Corporation, whose address is One Lincoln Street, Boston, MA 02111, reported on a Form 13-G filed with the Securities and Exchange Commission on February 11, 2013 it was the beneficial owner of 75,390,686 shares of Class B Common Stock. Such shares represent 6.7% of the outstanding shares of Class B Common Stock and 0.7% of the aggregate voting power of Class A and Class B Common Stock. Beneficial ownership of the Corporation's Class A and Class B Stock on March 1, 2013 by Mr. Buffett, the Bill & Melinda Gates Foundation Trust and by other executive officers and directors of the Corporation who own shares is shown in the following table:

Name	Title of Class of Stock	Shares Beneficially Owned [1]		Percentage of Outstanding Stock of Respective Class [1]	Percentage of Aggregate Voting Power of Class A and Class B [1]		Percentage of Aggregate Economic Interest of Class A and Class B [1]
Warren E. Buffett	Class A	350,000		39.2			
	Class B	3,525,623		0.3	34.9	[2]	21.4
Howard G. Buffett	Class A	1,200	[3]	0.1			
	Class B	2,450		*	0.1		0.1
Stephen B. Burke	Class A	22		*			
	Class B	—		*	*		*
Susan L. Decker	Class A	—		*			
	Class B	3,125		*	*		*
William H. Gates III	Class A	4,350	[4]	0.5			
	Class B	84,791,173	[4]	7.5	1.3		3.7
David S. Gottesman	Class A	19,538	[5]	2.2			
	Class B	2,393,398	[5]	0.2	2.0		1.3
Charlotte Guyman	Class A	100		*			
	Class B	600		*	*		*
Donald R. Keough	Class A	100	[6]	*			
	Class B	60		*	*		*
Charles T. Munger	Class A	6,224		0.7			
	Class B	750		*	0.6		0.4
Thomas S. Murphy	Class A	1,203	[7]	0.1			
	Class B	26,976	[7]	*	0.1		0.1
Ronald L. Olson	Class A	307	[8]	*			
	Class B	17,500		*	*		*
Walter Scott, Jr.	Class A	100	[9]	*			
	Class B	—		*	*		*
Directors and executive officers as a group	Class A	383,144		42.9			
	Class B	90,761,655		8.1	39.0		27.0

* less than 0.1%.

(1) *Beneficial owners exercise both sole voting and sole investment power unless otherwise stated. Each share of Class A Stock is convertible into 1,500 shares of Class B Stock at the option of the shareholder. As a result, pursuant to Rule 13d-3(d)(1) of the Securities Exchange Act of 1934, a shareholder is deemed to have beneficial ownership of the shares of Class B Stock which such shareholder may acquire upon conversion of the Class A Stock. In order to avoid overstatement, the amount of Class B Stock beneficially owned does not take into account such shares of Class B Stock which may be acquired upon conversion (an amount which is equal to 1,500 times the number of shares of Class A Stock held by a shareholder). The percentage of outstanding Class B Stock is based on the total number of shares of Class B Stock outstanding as of March 6, 2013 and does not take into account shares of Class B Stock which may be issued upon conversion of Class A Stock.*

(2) *Mr. Buffett has entered into a voting agreement with Berkshire providing that, should the combined voting power of Berkshire shares as to which Mr. Buffett has or shares voting and investment power exceed 49.9% of Berkshire's total voting power, he will vote those shares in excess of that percentage proportionately with votes of the other Berkshire shareholders.*

(3) *Includes 1,190 Class A shares held by a private foundation and for which Mr. Buffett possesses voting and investment power but with respect to which Mr. Buffett disclaims any beneficial interest.*

(4) *Includes 4,050 Class A shares held by a single-member limited liability company of which Mr. Gates is the sole member and 84,791,173 Class B shares owned by the Bill & Melinda Gates Foundation Trust of which Mr. Gates and his wife are co-trustees but with respect to which Mr. and Mrs. Gates disclaim any beneficial interest.*

(5) *Includes 12,555 Class A shares and 2,376,788 Class B shares as to which Mr. Gottesman or his wife has shared voting power and 12,350 Class A shares and 2,393,398 Class B shares as to which Mr. Gottesman or his wife has shared investment power. Mr. Gottesman has a pecuniary interest in 8,201 Class A shares*

and 2,843 Class B shares included herein.

(6) *Does not include 8 Class A shares owned by Mr. Keough's wife.*

(7) *Includes 1,136 Class A shares held in two grantor retained annuity trusts and includes 67 Class A shares and 25,487 Class B shares owned by three trusts for which Mr. Murphy is a trustee and the beneficiary.*

(8) *Includes 147 Class A shares held by three trusts for which Mr Olson is sole trustee but with respect to which Mr. Olson disclaims any beneficial interest.*

(9) *Does not include 10 Class A shares owned by Mr. Scott's wife.*

Governance, Compensation and Nominating Committee Interlocks and Insider Participation

The Governance Committee of our Board of Directors currently consists of Walter Scott, Jr., David S. Gottesman and Susan L. Decker. None of these individuals has at any time been an officer or employee of the Company. During 2012, none of our executive officers served as a member of the board of directors or compensation committee of any entity for which a member of our Board of Directors or Governance, Compensation and Nominating Committee served as an executive officer.

Meetings of Non-Management and Independent Directors

Two meetings of non-management directors were held during 2012. Mr. Ronald L. Olson presided as ad hoc chair of the meetings. In addition, following one of the meetings of non-management directors, a meeting of directors determined to be independent was held. Mr. Walter Scott, Jr. presided as ad hoc chair of that meeting. A shareholder or other interested party wishing to contact the non-management directors or independent directors, as applicable, should send a letter to the Secretary of the Corporation at 3555 Farnam Street, Omaha, NE 68131. The mailing envelope must contain a clear notation that the enclosed letter is to be forwarded to the Corporation's non-management directors or independent directors, as applicable.

Communications with the Board of Directors

Shareholders and other interested parties who wish to communicate with the Board of Directors or a particular director may send a letter to the Secretary of the Corporation at 3555 Farnam Street, Omaha, NE 68131. The mailing envelope must contain a clear notation indicating that the enclosed letter is a "Board Communication" or "Director Communication." All such letters must clearly state whether the intended recipients are all members of the Board or just certain specified individual directors. The Secretary will make copies of all such letters and circulate them to the appropriate director or directors.

Corporate Governance Guidelines

The Board of Directors has adopted Corporate Governance Guidelines to promote effective governance of the Corporation. The Corporate Governance Guidelines are available on Berkshire's website at www.berkshirehathaway.com.

Code of Business Conduct and Ethics

The Corporation has adopted a Code of Business Conduct and Ethics for all Berkshire directors, officers and employees as well as directors, officers and employees of each of its subsidiaries. The Code of Business Conduct and Ethics is available on Berkshire's website at www.berkshirehathaway.com.

Related Persons Transactions

The Charter of the Governance Committee includes procedures for the approval or ratification of any Related Persons Transaction ("Transaction") as defined in the regulations of the Securities and Exchange Commission. The procedures require that all requests for approval of proposed Transactions or ratification of Transactions be referred to the Chairman of the Committee or directly to the Committee. The full Committee reviews any Transaction which the Chairman concludes is material to the Company or which the Chairman is unable to review. Only Transactions which the Committee or its Chairman finds to be in the best interests of Berkshire and its stockholders are approved or ratified. The Chairman reports all Transactions which he reviews to the Committee annually for ratification. Berkshire is not aware of any Transaction entered into since January 1, 2012, or currently proposed, in which a Related Person had, or will have, a direct or indirect material interest.

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Securities Exchange Act of 1934 requires the Corporation's officers and directors, and persons who own more than 10% of a registered class of the Corporation's equity securities, to file reports of ownership and changes in ownership with the Securities and Exchange Commission and the New York Stock Exchange. Officers, directors and greater than ten-percent shareholders are required by the regulations of the Securities Exchange Commission to furnish the Corporation with copies of all Section 16(a) forms they file.

Based solely on its review of the copies of such forms received by it, and written representations from certain reporting persons that no Section 16(a) forms were required for those persons, the Corporation believes that during 2012 all filing requirements applicable to its officers, directors and greater than ten-percent shareholders were complied with except as follows.

Mr. Murphy filed a Form 5 on February 14, 2013 that reported several gifts of Class B shares made by his now deceased wife during the period between December 3, 2004 and May 22, 2009 were not previously filed on a Form 5 for the years such gifts were made and certain sales of Class A shares by Mr. Murphy's wife during the period between December 3, 2004 and January 1, 2008 were not reported on a Form 4 when due. Mr. Murphy's Form 5 also reported that during 2010, three purchases of Class B shares by trusts of which Mr. Murphy is a trustee and beneficiary were not reported on a Form 4 when due and two sales of Class B shares owned directly by Mr. Murphy were not reported on a Form 4 when due. In addition, Mr. Gottesman filed a Form 5 on February 14, 2013 that reported a gift of Class A shares and a gift of Class B shares made during 2011 by trusts in which Mr. Gottesman has a pecuniary interest were not reported on a Form 5 for the year ended December 31, 2011.

Compensation Discussion and Analysis

Berkshire's program regarding compensation of its executive officers is different from most public company programs. Mr. Buffett's and Mr. Munger's compensation is reviewed annually by the Governance Committee of the Corporation's Board of Directors. Due to Mr. Buffett's and Mr. Munger's desire that their compensation remain unchanged, the Committee has not proposed an increase in Mr. Buffett's or Mr. Munger's compensation since the Committee was created in 2004. Prior to that time Mr. Buffett recommended to the Board of Directors the amount of his compensation and Mr. Munger's. Mr. Buffett's and Mr. Munger's annual compensation has each been $100,000 for more than 25 years and Mr. Buffett has advised the Committee that he would not expect or desire such compensation to increase in the future.

The Committee has established a policy that: (i) neither the profitability of Berkshire nor the market value of its stock are to be considered in the compensation of any executive officer; and (ii) all compensation paid to executive officers of Berkshire be deductible under Internal Revenue Code Section 162(m). Under the Committee's compensation policy, Berkshire does not grant stock options to executive officers. The Committee has delegated to Mr. Buffett the responsibility for setting the compensation of Mr. Hamburg, Berkshire's Senior Vice President/Chief Financial Officer.

Mr. Buffett will on occasion utilize Berkshire personnel and/or have Berkshire pay for minor items such as postage or phone calls that are personal. Mr. Buffett reimburses Berkshire for these costs by making an annual payment to Berkshire in an amount that is equal to or greater than the costs that Berkshire has incurred on his behalf. During 2012, Mr. Buffett reimbursed Berkshire $50,000. Berkshire provides personal and home security services for Mr. Buffett. The cost for these services was $323,923 in 2012 and is reflected in the Summary Compensation Table as a component of Mr. Buffett's "All Other Compensation." It should be noted that many large companies maintain security departments that provide costly services to top executives but for which no itemization is provided in their proxy statements. Mr. Buffett and Mr. Munger do not use Company cars or belong to clubs to which the Company pays dues. It should also be noted that neither Mr. Buffett nor Mr. Munger utilizes corporate-owned aircraft for personal use. Each of them is personally a fractional NetJets owner, paying standard rates, and they use Berkshire-owned aircraft for business purposes only.

Factors considered by Mr. Buffett in setting Mr. Hamburg's salary are typically subjective, such as his perception of Mr. Hamburg's performance and any changes in functional responsibility. Mr. Buffett also sets the compensation for each of the CEO's of Berkshire's significant operating businesses. He utilizes many different incentive arrangements, with their terms dependent on such elements as the economic potential or capital intensity of the business. The incentives can be large and are always tied to the operating results for which a CEO has authority. These incentives are never related to measures over which the CEO has no control.

The following table discloses the compensation received for the three years ended December 31, 2012 by the Corporation's Chief Executive Officer, its other executive officer and its Chief Financial Officer.

SUMMARY COMPENSATION TABLE

Name and Principal Position	Year	Annual Compensation Salary	Annual Compensation Bonus	All Other Compensation	Total Compensation
Warren E. Buffett	2012	$ 100,000	—	$ 323,923 (2)	$ 423,923
Chief Executive Officer/	2011	100,000	—	391,925 (2)	491,925
Chairman of the Board	2010	100,000	—	424,946 (2)	524,946
Charles T. Munger (1)	2012	100,000	—	—	100,000
Vice Chairman of the Board	2011	100,000	—	—	100,000
	2010	100,000	—	—	100,000
Marc D. Hamburg	2012	1,025,000	—	12,500 (3)	1,037,500
Senior Vice President/CFO	2011	962,500	—	12,250 (3)	974,750
	2010	912,500	—	12,250 (3)	924,750

(1) *Mr. Munger is compensated by a Berkshire subsidiary.*

(2) *Represents the costs of personal and home security services provided for Mr. Buffett and paid by Berkshire (2012 -- $323,923, 2011 -- $346,925 and 2010 -- $349,946) and the value of director's fees ($45,000 in 2011 and $75,000 in 2010) received by Mr. Buffett from serving on the Board of Directors of The Washington Post Company in which Berkshire has a significant ownership interest.*

(3) *Represents contributions to a subsidiary's defined contribution plan in which Mr. Hamburg participates.*

Advisory Vote on Executive Compensation

At our 2011 Annual Meeting, 98.9% of the votes cast on the advisory vote on the executive compensation proposal were in favor of our executive compensation policies. The Board of Directors and Governance Committee reviewed these results and determined that, given the significant level of support, no changes to our executive compensation policies were necessary at this time based on the vote results. In addition, at our 2011 Annual Meeting, 83.6% of the votes cast were in favor of holding an advisory vote on executive compensation every three years. The Governance Committee reviewed these results and determined that our shareholders should vote on a say-on-pay proposal every three years. Accordingly, the next say-on-pay vote will be at our 2014 Annual Meeting.

Governance, Compensation and Nominating Committee Report

We have reviewed and discussed with management the Compensation Discussion and Analysis to be included in the Company's 2013 Shareholder Meeting Schedule 14A Proxy Statement, filed pursuant to Section 14(a) of the Securities Exchange Act of 1934 (the "Proxy"). Based on the review and discussion referred to above, we recommend that the Compensation Discussion and Analysis referred to above be included in the Company's Proxy.

Submitted by the members of the Governance, Compensation and Nominating Committee of the Board of Directors.

Walter Scott, Jr., Chairman
Susan L. Decker
David S. Gottesman

Independent Public Accountants

Deloitte & Touche LLP ("Deloitte") served as the Corporation's principal independent public accountants for 2012. Representatives from that firm will be present at the Annual Meeting of Shareholders, will be given the opportunity to make a statement if they so desire and will be available to respond to any appropriate questions. The Corporation has not selected independent public accountants for the current year, since its normal practice is for the Audit Committee of the Board of Directors to make such selection later in the year.

The following table shows the fees paid or accrued for audit services and fees paid for audit-related, tax and all other services rendered by Deloitte for each of the last two years (in millions):

	2012	2011
Audit Fees [a]	$26.3	$25.3
Audit-Related Fees [b]	1.7	1.7
Tax Fees [c]	1.4	1.0
	$29.4	$28.0

(a) *Audit fees include fees for the audit of the Corporation's consolidated financial statements and interim reviews of the Corporation's quarterly financial statements, audit services provided in connection with required statutory audits of many of the Corporation's insurance subsidiaries and certain of its non-insurance subsidiaries and comfort letters, consents and other services related to Securities and Exchange Commission matters.*

(b) *Audit-related fees primarily include fees for certain audits of subsidiaries not required for purposes of Deloitte's audit of the Corporation's consolidated financial statements or for any other statutory or regulatory requirements, audits of certain subsidiary employee benefit plans and consultations on various accounting and reporting matters*

(c) *Tax fees include fees for services relating to tax compliance, tax planning and tax advice These services include assistance regarding federal, state and international tax compliance, tax return preparation and tax audits.*

The Audit Committee has considered whether the non-audit services provided to the Company by Deloitte impaired the independence of Deloitte and concluded that they did not.

All of the services performed by Deloitte were pre-approved in accordance with the pre-approval policy adopted by the Audit Committee on May 5, 2003. The policy provides guidelines for the audit, audit related, tax and other non-audit services that may be provided by Deloitte to the Company. The policy (a) identifies the guiding principles that must be considered by the Audit Committee in approving services to ensure that Deloitte's independence is not impaired; (b) describes the audit, audit-related and tax services that may be provided and the non-audit services that are prohibited; and (c) sets forth pre-approval requirements for all permitted services. Under the policy, requests to provide services that require specific approval by the Audit Committee will be submitted to the Audit Committee by both the Company's independent auditor and its Chief Financial Officer. All requests for services to be provided by the independent auditor that do not require specific approval by the Audit Committee will be submitted to the Company's Chief Financial Officer and must include a detailed description of the services to be rendered. The Chief Financial Officer will determine whether such services are included within the list of services that have received the general pre-approval of the Audit Committee. The Audit Committee will be informed on a timely basis of any such services rendered by the independent auditor.

Report of the Audit Committee

February 25, 2013

To the Board of Directors of Berkshire Hathaway Inc.

We have reviewed and discussed the consolidated financial statements of the Corporation and its subsidiaries to be set forth in the Corporation's 2012 Annual Report to Shareholders and at Item 8 of the Corporation's Annual Report on Form 10-K for the year ended December 31, 2012 with management of the Corporation and Deloitte & Touche LLP, independent public accountants for the Corporation.

We have discussed with Deloitte & Touche LLP the matters required to be discussed by the Public Company Accounting Oversight Board ("PCAOB"), as adopted in Auditing Standard No. 16 (Communications with Audit Committees). We have received the written disclosures and the letter from Deloitte & Touche LLP required by the applicable PCAOB requirements for independent accountant communications with audit committees with respect to auditor independence and have discussed with Deloitte & Touche LLP its independence from the Corporation.

It is not the duty of the Audit Committee to plan or conduct audits or to determine that the Corporation's financial statements are complete and accurate and in accordance with generally accepted accounting principles; that is the responsibility of management and the Corporation's independent public accountants. In giving its recommendation to the Board of Directors, the Audit Committee has relied on (i) management's representation that such financial statements have been prepared with integrity and objectivity and in conformity with generally accepted accounting principles and (ii) the reports of the Corporation's independent public accountants with respect to such financial statements.

Based on the review and discussions with management of the Corporation and Deloitte & Touche LLP referred to above, we recommend to the Board of Directors that the Corporation publish the consolidated financial statements of the Corporation and subsidiaries for the year ended December 31, 2012 in the Corporation's Annual Report on Form 10-K for the year ended December 31, 2012 and in the Corporation's 2012 Annual Report to Shareholders.

Submitted by the members of the Audit Committee of the Board of Directors.

Thomas S. Murphy, Chairman
Susan L. Decker
Charlotte Guyman
Donald R. Keough

2. **SHAREHOLDER PROPOSAL**

Robert L. Berridge, 46 Jason Street, Arlington, MA 02476, owns in excess of 150 shares of Class B Common Stock and has given notice that a representative of his intends to present for action at the meeting the following proposal.

RESOLVED: That Berkshire Hathaway establish reasonable, quantitative goals for reduction of greenhouse gas and other air emissions at its energy-generating holdings; and that Berkshire publish a report to shareholders by September 30, 2013 (at reasonable cost and omitting proprietary information) on how it will achieve these goals – including plans to retrofit or retire existing coal-burning plants at Berkshire-held companies.

Supporting Statement:

Berkshire Hathaway owns MidAmerican Energy Holdings, whose subsidiaries generate roughly 72.7% of their electricity by burning coal.

Electricity generation accounts for more carbon dioxide ("CO_2") emissions than any other sector – more than even transportation or industry. US fossil fuel-powered plants (like MidAmerican's) account for nearly 40% of domestic and 10% of global CO_2 pollution.

Independent economists and scientists concur that the cost of reducing greenhouse gas emissions in the near-term is far lower than the cost of mitigating greenhouse gas-caused damage over the long-haul.

Therefore, Berkshire shareholders are best served by taking proactive steps in regard to greenhouse gas emissions and impending regulation. This is important to independent shareowners. At the 2011 annual meeting, 26.8% of shareholder votes (that were not Berkshire boardmembers or top executives) ignored the Board's recommendation and instead voted FOR this same request for reasonable goals and thoughtful planning.

Some companies act as if it is beneficial to reap profits from coal-burning electricity plants while pushing the costs of pollution and the harm to public health onto society at large ("externalizing the costs"). But with Berkshire, the prospect of externalizing costs of its coal-burning subsidiaries risks the resultant damages being "internalized" onto itself – either by harming employees at the polluting plants, or through liability claims paid out by Berkshire insurance subsidiaries.

The US Environmental Protection Agency ("EPA") recently took steps under the Clean Air Act to require new or modified electricity-generating power plants to limit greenhouse gas emissions. They issued two significant new rules, which together set stringent limits on an array of harmful emissions from power-generating plants.

When both rules are fully in effect, Bernstein Research estimates that 15% of coal-fired power plants will be forced to close – unable to meet new safety standards – and others will require substantial investment just to remain viable.

Numerous peers to Berkshire's MidAmerican – including Calpine Corporation, Progress Energy, and Xcel Energy – have already established plans to replace their coal-fired power plants.

Other peers – including American Electric Power, Consolidated Edison, Duke Energy, Entergy, Exelon, and National Grid – have already set absolute targets for reducing greenhouse gas emissions.

Still other peers – such as CMS Energy, NiSource, Pinnacle West, and PSEG Power – have already set greenhouse gas intensity targets.

These forward-looking companies recognize that natural gas, efficiency, and renewable energy are far more profitable than retrofitting obsolete, highly polluting, coal-fired plants.

Berkshire Hathaway should not be a laggard in ways that create risk to shareholder value.

Therefore, please vote FOR this reasonable, forward-looking proposal.

THE BOARD OF DIRECTORS UNANIMOUSLY FAVORS A VOTE AGAINST THE PROPOSAL FOR THE FOLLOWING REASONS:

A proposal that was substantially identical to the current shareholder proposal was put forth by another shareholder two years ago. The Board of Directors reasons for recommending a vote against that proposal have not changed. The response provided by the Board of Directors in 2011 updated for certain changes in Berkshire's energy-generating holdings during the last two years follows.

The Board of Directors does not believe that establishing quantitative goals for the reduction of greenhouse gas and other air emissions at its energy-generating holdings and that publishing a report that includes plans to retrofit or retire existing coal-burning plants is a prudent exercise to undertake and recommends that our shareholders vote against this proposal. We recognize the importance of reducing greenhouse gas and other emissions to our shareholders and the future of Berkshire and its subsidiary companies. Our two regulated electric utilities have reduced greenhouse gases intensity by nearly 16% since 2000 in addition to reducing the intensity of emissions by approximately 54% for sulfur dioxide, 52% for nitrogen oxides and 31% for mercury. These reductions do not include the benefits of MidAmerican's recent investment through its non-utility renewables group in 1,419 megawatts of solar generating capacity (124.1 megawatts are currently in service) or 381 megawatts of wind generating capacity. Even without the additional non-utility renewable capacity, the MidAmerican utilities are the largest rate-regulated owners of renewable generation. However, establishing reduction goals at this time as environmental regulation and legislation remains uncertain would be contrary to the responsibilities of our rate-regulated utilities and to our customers whose utility bills could be dramatically affected.

Proxies given without instructions will be voted Against this shareholder proposal.

3. **OTHER MATTERS**

As of the date of this statement your management knows of no business to be presented to the meeting that is not referred to in the accompanying notice other than the approval of the minutes of the last Annual Meeting of Shareholders, which action will not be construed as approval or disapproval of any of the matters referred to in such minutes. As to other business that may properly come before the meeting, it is intended that proxies properly executed and returned will be voted in respect thereof at the discretion of the person voting the proxies in accordance with his or her best judgment, including upon any shareholder proposal about which the Corporation did not receive timely notice.

Annual Report

The Annual Report to the Shareholders for 2012 accompanies this proxy statement, but is not deemed a part of the proxy soliciting material.

A copy of the 2012 Form 10-K report as filed with the Securities and Exchange Commission, excluding exhibits, will be mailed to shareholders without charge upon written request to: Forrest N. Krutter, Secretary, Berkshire Hathaway Inc., 3555 Farnam Street, Omaha, NE 68131. Such request must set forth a good-faith representation that the requesting party was either a holder of record or a beneficial owner of Class A or Class B Stock of the Corporation on March 6, 2013. Exhibits to the Form 10-K will be mailed upon similar request and payment of specified fees. The 2012 Form 10-K is also available through the Securities and Exchange Commission's World Wide Web site (www.sec.gov).

Proposals of Shareholders

Any shareholder proposal intended to be considered for inclusion in the proxy statement for presentation at the 2014 Annual Meeting must be received by the Corporation by November 18, 2013. The proposal must be in accordance with the provisions of Rule 14a-8 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934. It is suggested the proposal be submitted by certified mail – return receipt requested. Shareholders who intend to present a proposal at the 2014 Annual Meeting without including such proposal in the Corporation's proxy statement must provide the Corporation notice of such proposal no later than January 31, 2014. The Corporation reserves the right to reject, rule out of order or take other appropriate action with respect to any proposal that does not comply with these and other applicable requirements.

By order of the Board of Directors

FORREST N. KRUTTER, *Secretary*

Omaha, Nebraska
March 15, 2013

BERKSHIRE HATHAWAY INC.

Annual Meeting of Shareholders to be held on May 4, 2013
This Proxy is Solicited on Behalf of the Board of Directors

PROXY

The undersigned hereby appoints Marc D. Hamburg and Walter Scott, Jr., or either of them, as proxies, with power of substitution to each proxy and substitute, to vote the Class A Common Stock (CLA) and Class B Common Stock (CLB) of the undersigned at the 2013 Annual Meeting of Shareholders of Berkshire Hathaway Inc. and at any adjournment thereof, as indicated on the reverse hereof on the matters specified, and as said proxies may determine in the exercise of their best judgment on any other matters which may properly come before the meeting or any adjournment thereof.

IF PROPERLY EXECUTED AND RETURNED, THIS PROXY WILL BE VOTED AS SPECIFIED OR, IF NOT SPECIFIED, WILL BE VOTED FOR ELECTING ALL DIRECTOR NOMINEES; AND AGAINST THE SHAREHOLDER PROPOSAL.

PLEASE SIGN ON THE REVERSE SIDE AND MAIL PROMPTLY IN THE ENCLOSED ENVELOPE

SEE REVERSE SIDE

SEE REVERSE SIDE

☒ Please mark votes as in this example.

IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE SHAREHOLDER MEETING TO BE HELD ON MAY 4, 2013.

The following material is available at www.berkshirehathaway.com/eproxy.
Proxy Statement **Annual Report**

The Board Recommends a Vote For All Nominees.

1. Election of Directors
Nominees: Warren E. Buffett, Charles T. Munger, Howard G. Buffett, Stephen B. Burke, Susan L. Decker, William H. Gates III, David S. Gottesman, Charlotte Guyman, Donald R. Keough, Thomas S. Murphy, Ronald L. Olson, Walter Scott, Jr. and Meryl B. Witmer

MARK HERE FOR ADDRESS CHANGE AND NOTE AT LEFT ☐

☐ **FOR ALL NOMINEES**

☐ **WITHHELD FROM ALL NOMINEES**

Please sign exactly as your name appears. If acting as attorney, executor, trustee or in representative capacity, sign name and title.

☐ _____

For, except vote withheld from the above nominee(s).

Signature:_____ **Date**_____

Signature:_____ **Date**_____

The Board Recommends a Vote Against Item 2.

2. Shareholder proposal regarding greenhouse gas and other air emissions.

FOR **AGAINST** **ABSTAIN**

☐ ☐ ☐

(DO NOT SUBMIT THIS PAGE WITH YOUR EDS. The purpose of this page is for you to recertify your EDS prior to submission to City Council or on the date of closing. If unable to recertify truthfully, the Disclosing Party must complete a new EDS with correct or corrected information)

RECERTIFICATION

Generally, for use with City Council matters. Not for City procurements unless requested.

This recertification is being submitted in connection with purchase of 3151 W. Washington from the City [identify the Matter]. Under penalty of perjury, the person signing below: (1) warrants that he/she is authorized to execute this EDS recertification on behalf of the Disclosing Party, (2) warrants that all certifications and statements contained in the Disclosing Party's original EDS are true, accurate and complete as of the date furnished to the City and continue to be true, accurate and complete as of the date of this recertification, and (3) reaffirms its acknowledgments.

Wells Fargo & Company
(Print or type legal name of Disclosing Party)

Date: 11. 14. 14

By:
(sign here)

Print or type name of signatory:
Jon R. Campbell

Title of signatory:
E.V.P.

Signed and sworn to before me on [date] November 14, 2014, by Jon R. Campbell, at Hennepin County, Minnesota [state].

Lori L. Boeckel-Kreidt Notary Public.

Commission expires: 1-31-2020.

Ver. 11-01-05

LORI L. BOECKEL-KREIDT
NOTARY PUBLIC - MINNESOTA
MY COMMISSION EXPIRES 01/31/2020