WELLS FARGO & CO/MN
Form 10-K
March 14, 2003

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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, 2002 **Commission File Number 001-2979**

WELLS FARGO & COMPANY

(Exact name of registrant as specified in its charter)

Delaware	**No. 41-0449260**
(State of incorporation)	(I.R.S. Employer Identification No.)

420 Montgomery Street, San Francisco, California 94163
(Address of principal executive offices) (Zip code)

Registrant's telephone number, including area code: **1-800-411-4932**

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Name of Each Exchange on Which Registered
Common Stock, par value $1 2/3	New York Stock Exchange Chicago Stock Exchange
6 3/4% Convertible Subordinated Debentures Due 2003	New York Stock Exchange
Adjustable-Rate Cumulative Preferred Stock, Series B	New York Stock Exchange
Notes Linked to the S&P 500 Index Due 2008	American Stock Exchange
Notes Linked to the Nasdaq-100 Index Due 2008	American Stock Exchange

No securities are registered pursuant to Section 12(g) of the Act.

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 ý No o

Indicate by check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Securities Exchange Act of 1934). Yes ý No o

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. o

As of February 28, 2003, 1,680,063,635 shares of common stock were outstanding having an aggregate market value, based on a closing price of $45.35 per share, of $76,191 million. At that date, the aggregate market value of common stock held by non-affiliates was approximately

$74,778 million.

Documents Incorporated by Reference

Portions of the Company's 2002 Annual Report to Stockholders are incorporated by reference into Parts I, II and IV of this Form 10-K, and portions of the Company's definitive Proxy Statement for its 2003 Annual Meeting of Stockholders are incorporated by reference into Part III of this Form 10-K. The cross-reference index on the following page identifies by page numbers the portions of each document that are incorporated by reference into this Form 10-K. Only those portions identified in the cross-reference index are incorporated into this Form 10-K.

FORM 10-K
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(1) The information required to be submitted in response to these items is incorporated by reference to the identified portions of the Company's 2002 Annual Report to Stockholders. Pages 33 through 110 of the 2002 Annual Report to Stockholders have been filed as Exhibit 13 to this Form 10-K.

(2) The information required to be submitted in response to these items is incorporated by reference to the identified portions of the Company's definitive Proxy Statement for the 2003 Annual Meeting of Stockholders to be held on April 22, 2003, to be filed with the Securities and Exchange Commission pursuant to Regulation 14A.

(3) Not applicable.

DESCRIPTION OF BUSINESS

General

Wells Fargo & Company is a diversified financial services company organized under the laws of Delaware and registered as a bank holding company and financial holding company under the Bank Holding Company Act of 1956, as amended (BHC Act). Based on assets at December 31, 2002, it was the fourth largest bank holding company in the United States. In this report, Wells Fargo & Company and Subsidiaries (consolidated) is referred to as the Company and Wells Fargo & Company alone is referred to as the Parent.

The Company engages in banking and a variety of related financial services businesses. Retail, commercial and corporate banking services are provided through bank subsidiaries located in Alaska, Arizona, California, Colorado, Idaho, Illinois, Indiana, Iowa, Michigan, Minnesota, Montana, Nebraska, Nevada, New Mexico, North Dakota, Ohio, Oregon, South Dakota, Texas, Utah, Washington, Wisconsin and Wyoming. Other financial services are provided by subsidiaries engaged in various businesses, principally: wholesale banking, mortgage banking, consumer finance, equipment leasing, agricultural finance, commercial finance, securities brokerage and investment banking, insurance agency services, computer and data processing services, trust services, mortgage-backed securities servicing and venture capital investment.

On October 25, 2000, the Company completed its merger with First Security Corporation (the FSCO Merger), with First Security Corporation surviving the merger as a wholly-owned subsidiary of the Parent. The Company accounted for the FSCO Merger under the pooling-of-interests method of accounting. Accordingly, the information included in this report, including the Financial Statements and Supplementary Data, and Management's Discussion and Analysis of Financial Condition and Results of Operations, presents the combined results as if the merger had been in effect for all periods presented.

The Company has three operating segments for management reporting purposes: Community Banking, Wholesale Banking and Wells Fargo Financial. The 2002 Annual Report to Stockholders includes financial information and descriptions of these operating segments.

The Company had 127,500 full-time equivalent team members at December 31, 2002.

History and Growth

The Company is the product of the merger of equals involving Norwest Corporation and the former Wells Fargo & Company, completed on November 2, 1998 (the WFC Merger). On completion of the WFC Merger, Norwest Corporation changed its name to Wells Fargo & Company.

Norwest Corporation, prior to the WFC Merger, provided banking services to customers in 16 states and additional financial services through subsidiaries engaged in a variety of businesses including mortgage banking and consumer finance.

The former Wells Fargo & Company's principal subsidiary, Wells Fargo Bank, N.A., was the successor to the banking portion of the business founded by Henry Wells and William G. Fargo in 1852. That business later operated the westernmost leg of the Pony Express and ran stagecoach lines in the western part of the United States. The California banking business was separated from the express business in 1905, was merged in 1960 with American Trust Company, another of the

oldest banks in the Western United States, and became Wells Fargo Bank, N.A., a national banking association, in 1968.

The former Wells Fargo & Company acquired First Interstate Bancorp in April 1996. First Interstate's assets had an approximate book value of $55 billion. The transaction was valued at approximately $11.3 billion and was accounted for as a purchase.

The Company expands its business, in part, by acquiring banking institutions and other companies engaged in activities that are financial in nature. The Company continues to explore opportunities to acquire banking institutions and other financial services companies. Discussions are continually being carried on related to such possible acquisitions. The Company cannot predict whether, or on what terms, such discussions will result in further acquisitions. As a matter of policy, the Company generally does not comment on such discussions or possible acquisitions until a definitive acquisition agreement has been signed.

Competition

The financial services industry is highly competitive. The Company's subsidiaries compete with financial services providers, such as banks, savings and loan associations, credit unions, finance companies, mortgage banking companies, insurance companies, and money market and mutual fund companies. They also face increased competition from nonbank institutions such as brokerage houses and insurance companies, as well as from financial services subsidiaries of commercial and manufacturing companies. Many of these competitors enjoy fewer regulatory constraints and some may have lower cost structures.

Securities firms and insurance companies that elect to become financial holding companies may acquire banks and other financial institutions. Acquisitions of this type could significantly change the competitive environment in which the Company conducts business. The financial services industry is also likely to become more competitive as further technological advances enable more companies to provide financial services. These technological advances may diminish the importance of depository institutions and other financial intermediaries in the transfer of funds between parties.

REGULATION AND SUPERVISION

The following discussion, together with Notes 3 (Cash, Loan and Dividend Restrictions) and 25 (Regulatory and Agency Capital Requirements) to Financial Statements included in the 2002 Annual Report to Stockholders sets forth the material elements of the regulatory framework applicable to bank holding companies and their subsidiaries and provides certain information specific to the Company. This regulatory framework is intended to protect depositors, federal deposit insurance funds and the banking system as a whole, and not to protect security holders. To the extent that the information describes statutory and regulatory provisions, it is qualified in its entirety by reference to those provisions. Further, such statutes, regulations and policies are continually under review by Congress and state legislatures, and federal and state regulatory agencies. A change in statutes, regulations or regulatory policies applicable to the Company, including changes in interpretation or implementation thereof, could have a material effect on the Company's business.

Applicable laws and regulations could restrict the Company's ability to diversify into other areas of financial services, acquire depository institutions, and pay dividends on the Company's capital

stock. They could also require the Company to provide financial support to one or more of its subsidiary banks, maintain capital balances in excess of those desired by management, and pay higher deposit insurance premiums as a result of a general deterioration in the financial condition of depository institutions.

General

Parent Bank Holding Company. As a bank holding company, the Parent is subject to regulation under the BHC Act and to inspection, examination and supervision by the Board of Governors of the Federal Reserve System (Federal Reserve Board or FRB).

Subsidiary Banks. The Company's national subsidiary banks are subject to regulation and examination primarily by the Office of the Comptroller of the Currency (OCC) and secondarily by the Federal Deposit Insurance Corporation (FDIC) and the FRB. The Company's state-chartered banks are subject to primary federal regulation and examination by the FDIC and, in addition, are regulated and examined by their respective state banking departments.

Nonbank Subsidiaries. Many of the Company's nonbank subsidiaries are also subject to regulation by the FRB and other applicable federal and state agencies. The Company's brokerage subsidiaries are regulated by the Securities and Exchange Commission (SEC), the National Association of Securities Dealers, Inc. and state securities regulators. The Company's insurance subsidiaries are subject to regulation by applicable state insurance regulatory agencies. Other nonbank subsidiaries of the Company may be subject to the laws and regulations of the federal government and/or the various states in which they conduct business.

Parent Bank Holding Company Activities

"Financial in Nature" Requirement. As a bank holding company that has elected to become a financial holding company pursuant to the BHC Act, the Company may affiliate with securities firms and insurance companies and engage in other activities that are financial in nature or incidental or complementary to activities that are financial in nature. "Financial in nature" activities include securities underwriting, dealing and market making, sponsoring mutual funds and investment companies, insurance underwriting and agency, merchant banking, and activities that the FRB, in consultation with the Secretary of the U.S. Treasury, determines from time to time to be financial in nature or incidental to such financial activity or is complementary to a financial activity and does not pose a safety and soundness risk. A bank holding company that is not also a financial holding company is limited to engaging in banking and such other activities as determined by the FRB to be so closely related to banking or managing or controlling banks as to be a proper incident thereto.

Federal Reserve Board approval is not required for the Company to acquire a company (other than a bank holding company, bank or savings association) engaged in activities that are financial in nature or incidental to activities that are financial in nature, as determined by the FRB. Prior FRB approval is required before the Company may acquire the beneficial ownership or control of more than 5% of the voting shares or substantially all of the assets of a bank holding company, bank or savings association.

Because the Company is a financial holding company, if any subsidiary bank of the Company ceases to be "well capitalized" or "well managed" under applicable regulatory standards, the FRB may, among other actions, order the Company to divest the subsidiary bank. Alternatively, the Company may elect to restrict the Company's activities to those permissible for a bank holding company that is not also a financial holding company.

Also because the Company is a financial holding company, if any subsidiary bank of the Company receives a rating under the Community Reinvestment Act of 1977 of less than satisfactory, the Company will be prohibited, until the rating is raised to satisfactory or better, from engaging in new activities or acquiring companies other than bank holding companies, banks or savings associations, except that the Company could engage in new activities, or acquire companies engaged in activities that are closely related to banking under the BHC Act.

The Company became a financial holding company effective March 13, 2000. It continues to maintain its status as a bank holding company for purposes of other FRB regulations.

Interstate Banking. Under the Riegle-Neal Interstate Banking and Branching Act (Riegle-Neal Act), a bank holding company may acquire banks in states other than its home state, subject to any state requirement that the bank has been organized and operating for a minimum period of time, not to exceed five years, and the requirement that the bank holding company not control, prior to or following the proposed acquisition, more than 10% of the total amount of deposits of insured depository institutions nationwide or, unless the acquisition is the bank holding company's initial entry into the state, more than 30% of such deposits in the state (or such lesser or greater amount set by the state).

The Riegle-Neal Act also authorizes banks to merge across state lines, thereby creating interstate branches. Banks are also permitted to acquire and to establish *de novo* branches in other states where authorized under the laws of those states.

Regulatory Approval. In determining whether to approve a proposed bank acquisition, federal bank regulators will consider, among other factors, the effect of the acquisition on competition, the public benefits expected to be received from the acquisition, the projected capital ratios and levels on a post-acquisition basis, and the acquiring institution's record of addressing the credit needs of the communities it serves, including the needs of low and moderate income neighborhoods, consistent with the safe and sound operation of the bank, under the Community

Reinvestment Act of 1977, as amended.

Dividend Restrictions

The Parent is a legal entity separate and distinct from its subsidiary banks and other subsidiaries. Its principal source of funds to pay dividends on its common and preferred stock and principal and interest on its debt is dividends from its subsidiaries. Various federal and state statutory provisions and regulations limit the amount of dividends the Parent's subsidiary banks and certain other subsidiaries may pay without regulatory approval. For information about the restrictions applicable to the Parent's subsidiary banks, see Note 3 (Cash, Loan and Dividend Restrictions) to Financial Statements included in the 2002 Annual Report to Stockholders.

Federal bank regulatory agencies have the authority to prohibit the Parent's subsidiary banks from engaging in unsafe or unsound practices in conducting their businesses. The payment of dividends, depending on the financial condition of the bank in question, could be deemed an unsafe or unsound practice. The ability of the Parent's subsidiary banks to pay dividends in the future is currently, and could be further, influenced by bank regulatory policies and capital guidelines.

Holding Company Structure

Transfer of Funds from Subsidiary Banks. The Parent's subsidiary banks are subject to restrictions under federal law that limit the transfer of funds or other items of value from such subsidiaries to the Parent and its nonbank subsidiaries (including affiliates) in so-called "covered transactions." In general, covered transactions include loans and other extensions of credit, investments and asset purchases, as well as other transactions involving the transfer of value from a subsidiary bank to an affiliate or for the benefit of an affiliate. Unless an exemption applies, covered transactions by a subsidiary bank with a single affiliate are limited to 10% of the subsidiary bank's capital and surplus and, with respect to all covered transactions with affiliates in the aggregate, to 20% of the subsidiary bank's capital and surplus. Also, loans and extensions of credit to affiliates generally are required to be secured in specified amounts. A bank's transactions with its nonbank affiliates are also generally required to be on arm's length terms.

Source of Strength. The FRB has a policy that a bank holding company is expected to act as a source of financial and managerial strength to each of its subsidiary banks and, under appropriate circumstances, to commit resources to support each such subsidiary bank. This support may be required at times when the bank holding company may not have the resources to provide the support.

The OCC may order the assessment of the Parent if the capital of one of its national bank subsidiaries were to become impaired. If the Parent failed to pay the assessment within three months, the OCC could order the sale of the Parent's stock in the national bank to cover the deficiency.

Capital loans by the Parent to any of its subsidiary banks are subordinate in right of payment to deposits and certain other indebtedness of the subsidiary bank. In addition, in the event of the Parent's bankruptcy, any commitment by the Parent to a federal bank regulatory agency to maintain the capital of a subsidiary bank will be assumed by the bankruptcy trustee and entitled to a priority of payment.

Depositor Preference. The Federal Deposit Insurance Act (FDI Act) provides that, in the event of the "liquidation or other resolution" of an insured depository institution, the claims of depositors of the institution (including the claims of the FDIC as subrogee of insured depositors) and certain claims for administrative expenses of the FDIC as a receiver will have priority over other general unsecured claims against the institution. If an insured depository institution fails, insured and uninsured depositors, along with the FDIC, will have priority in payment ahead of unsecured, nondeposit creditors, including the Parent, with respect to any extensions of credit they have made to such insured depository institution.

Liability of Commonly Controlled Institutions. All of the Parent's banks are insured by the FDIC. FDIC-insured depository institutions can be held liable for any loss incurred, or reasonably expected to be incurred, by the FDIC due to the default of an FDIC-insured depository institution controlled by the same bank holding company, and for any assistance provided by the FDIC to an FDIC-insured depository institution that is in danger of default and that is controlled by the same bank holding company. "Default" means generally the appointment of a conservator or receiver. "In danger of default" means generally the existence of certain conditions indicating that a default is likely to occur in the absence of regulatory assistance.

Capital Requirements

The Parent is subject to regulatory capital requirements and guidelines imposed by the FRB, which are substantially similar to the capital requirements and guidelines imposed by the FRB, the OCC and the FDIC on depository institutions within their jurisdictions. For information about these capital requirements and guidelines, see Note 25 (Regulatory and Agency Capital Requirements) to Financial Statements included in the 2002 Annual Report to Stockholders.

The FRB may set higher capital requirements for holding companies whose circumstances warrant it. For example, holding companies experiencing internal growth or making acquisitions are expected to maintain strong capital positions substantially above the minimum supervisory levels, without significant reliance on intangible assets. Also, the FRB considers a "tangible Tier 1 leverage ratio" (deducting all intangibles) and other indications of capital strength in evaluating proposals for expansion or engaging in new activities.

Effective April 1, 2002, the FRB, OCC and FDIC issued new rules governing the capital treatment of nonfinancial equity investments, which includes investments made by the Company's venture capital subsidiaries. The rules impose a capital charge that increases incrementally as the level of nonfinancial equity investments increases relative to Tier 1 capital. For covered investments that total less than 15% of Tier 1 capital, the rules require a Tier 1 capital charge of 8% of the adjusted carrying value of the covered investments. For covered investments that total 15% or more but less than 25%, the Tier 1 capital charge is 12%, and for covered investments that total 25% or more, the Tier 1 capital charge is 25%. The new rules have not had a material impact on the Company.

FRB, FDIC and OCC rules also require the Company to incorporate market and interest rate risk components into its regulatory capital computations. Under the market risk requirements, capital is

allocated to support the amount of market risk related to a financial institution's ongoing trading activities.

The Basel Committee on Banking Supervision continues to evaluate certain aspects of the proposed New Basel Capital Accord, with the goal of finalizing the Accord by the fourth quarter of 2003 with anticipated implementation by 2006. The New Basel Capital Accord incorporates three pillars that address (a) minimum capital requirements, (b) supervisory review, which relates to an institution's capital adequacy and internal assessment process, and (c) market discipline, through effective disclosure to encourage safe and sound banking practices. Embodied within these pillars are aspects of risk assessment that relate to credit risk, interest rate risk, operational risk, among others, and certain proposed approaches by the Basel Committee to complete such assessments may be considered complex. The Company continues to monitor the status of the New Basel Accord.

From time to time, the FRB and the Federal Financial Institutions Examination Council (FFIEC) propose changes and amendments to, and issue interpretations of, risk-based capital guidelines and related reporting instructions. Such proposals or interpretations could, if implemented in the future, affect the Company's reported capital ratios and net risk-adjusted assets.

As an additional means to identify problems in the financial management of depository institutions, the FDI Act requires federal bank regulatory agencies to establish certain non-capital safety and soundness standards for institutions for which they are the primary federal regulator. The standards relate generally to operations and management, asset quality, interest rate exposure and executive compensation. The agencies are authorized to take action against institutions that fail to meet such standards.

The FDI Act requires federal bank regulatory agencies to take "prompt corrective action" with respect to FDIC-insured depository institutions that do not meet minimum capital requirements. A depository institution's treatment for purposes of the prompt corrective action provisions will depend upon how its capital levels compare to various capital measures and certain other factors, as established by regulation.

Deposit Insurance Assessments

Through the Bank Insurance Fund (BIF) and the Savings Association Insurance Fund (SAIF), the FDIC insures the deposits of the Parent's depository institution subsidiaries up to prescribed limits for each depositor. The amount of FDIC assessments paid by BIF and SAIF member institution is based on its relative risk of default as measured by regulatory capital ratios and other factors. Specifically, the assessment rate is based on the institution's capitalization risk category and supervisory subgroup category. An institution's capitalization risk category is based on the FDIC's determination of whether the institution is well capitalized, adequately capitalized or less than adequately capitalized. An institution's supervisory subgroup category is based on the FDIC's assessment of the financial condition of the institution and the probability that FDIC intervention or other corrective action will be required.

The BIF and SAIF assessment rate currently ranges from zero to 27 cents per $100 of domestic deposits. The BIF assessment rate for the Parent's depository institutions currently is zero. The FDIC may increase or decrease the assessment rate schedule on a semi-annual basis. An increase in the assessment rate could have a material adverse effect on the Parent's earnings, depending on the amount of the increase. The FDIC is authorized to terminate a depository institution's deposit insurance upon a finding by the FDIC that the institution's financial condition is unsafe or unsound

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or that the institution has engaged in unsafe or unsound practices or has violated any applicable rule, regulation, order or condition enacted or imposed by the institution's regulatory agency. The termination of deposit insurance for one or more of the Parent's subsidiary depository institutions could have a material adverse effect on the Parent's earnings, depending on the collective size of the particular institutions involved.

All FDIC-insured depository institutions must pay an annual assessment to provide funds for the payment of interest on bonds issued by the Financing Corporation, a federal corporation chartered under the authority of the Federal Housing Finance Board. The bonds (commonly referred to as FICO bonds) were issued to capitalize the Federal Savings and Loan Insurance Corporation. FDIC-insured depository institutions paid approximately 1.8 cents per $100 of BIF-assessable deposits in 2002. The FDIC established the FICO assessment rate effective for the first quarter of 2003 at approximately 1.7 cents annually per $100 of assessable deposits.

Fiscal and Monetary Policies

The Company's business and earnings are affected significantly by the fiscal and monetary policies of the federal government and its agencies. The Company is particularly affected by the policies of the FRB, which regulates the supply of money and credit in the United States. Among the instruments of monetary policy available to the FRB are (a) conducting open market operations in United States government securities, (b) changing the discount rates of borrowings of depository institutions, (c) imposing or changing reserve requirements against depository institutions' deposits, and (d) imposing or changing reserve requirements against certain borrowings by banks and their affiliates. These methods are used in varying degrees and combinations to directly affect the availability of bank loans and deposits, as well as the interest rates charged on loans and paid on deposits. The policies of the FRB may have a material effect on the Company's business, results of operations and financial condition.

Privacy Provisions of the Gramm-Leach-Bliley Act

Federal banking regulators, as required under the Gramm-Leach-Bliley Act (the GLB Act), have adopted rules limiting the ability of banks and other financial institutions to disclose nonpublic information about consumers to nonaffiliated third parties. The rules require disclosure of privacy policies to consumers and, in some circumstances, allow consumers to prevent disclosure of certain personal information to nonaffiliated third parties. The privacy provisions of the GLB Act affect how consumer information is transmitted through diversified financial services companies and conveyed to outside vendors.

Future Legislation

Various legislation, including proposals to change substantially the financial institution regulatory system, is from time to time introduced in Congress. This legislation may change banking statutes and the operating environment of the Company in substantial and unpredictable ways. If enacted, this legislation could increase or decrease the cost of doing business, limit or expand permissible activities or affect the competitive balance among banks, savings associations, credit unions, and other financial institutions. The Company cannot predict whether any of this potential legislation will be enacted and, if enacted, the effect that it, or any implementing regulations, would have on the Company's business, results of operations or financial condition.

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ANALYSIS OF CHANGES IN NET INTEREST INCOME

The following table allocates the changes in net interest income on a taxable-equivalent basis to changes in either average balances or average rates for both interest-earning assets and interest-bearing liabilities. Because of the numerous simultaneous volume and rate changes during any period, it is not possible to precisely allocate such changes between volume and rate. For this table, changes that are not solely due to either volume or rate are allocated to these categories in proportion to the percentage changes in average volume and average rate.

	Year ended December 31,					
	2002 over 2001			2001 over 2000		
(in millions)	Volume	Rate	Total	Volume	Rate	Total

Increase (decrease) in interest income:						
Federal funds sold and securities purchased under resale agreements	**$ 2**	**$ (53)**	**$ (51)**	$ 12	$ (60)	$ (48)
Debt securities available for sale:						
Securities of U.S. Treasury and federal agencies	**(22)**	**(20)**	**(42)**	(84)	11	(73)
Securities of U.S. states and political subdivisions	**6**	**7**	**13**	(8)		(8)
Mortgage-backed securities:						
Federal agencies	**(68)**	**7**	**(61)**	28	(14)	14
Private collateralized mortgage obligations	**42**	**(27)**	**15**	(57)	18	(39)
Other debt securities	**(20)**	**(2)**	**(22)**	(7)		(7)
Mortgages held for sale	**1,005**	**(150)**	**855**	883	(137)	746
Loans held for sale	**34**	**(99)**	**(65)**	(8)	(93)	(101)
Loans:						
Commercial	**(164)**	**(568)**	**(732)**	295	(662)	(367)
Real estate 1-4 family first mortgage	**468**	**(215)**	**253**	250	(134)	116
Other real estate mortgage	**93**	**(459)**	**(366)**	145	(234)	(89)
Real estate construction	**(12)**	**(191)**	**(203)**	104	(145)	(41)
Consumer:						
Real estate 1-4 family junior lien mortgage	**774**	**(440)**	**334**	566	(196)	370
Credit card	**69**	**(71)**	**(2)**	56	(74)	(18)
Other revolving credit and monthly payment	**69**	**(268)**	**(199)**	191	(148)	43
Lease financing	**(77)**	**(53)**	**(130)**	8	1	9
Foreign	**34**	**(32)**	**2**	(4)	(6)	(10)
Other	**101**	**(44)**	**57**	44	(52)	(8)
Total increase (decrease) in interest income	**2,334**	**(2,678)**	**(344)**	2,414	(1,925)	489
Increase (decrease) in interest expense:						
Deposits:						
Interest-bearing checking	**4**	**(25)**	**(21)**	(27)	18	(9)
Market rate and other savings	**241**	**(1,023)**	**(782)**	415	(546)	(131)
Savings certificates	**(250)**	**(500)**	**(750)**	(14)	(72)	(86)
Other time deposits	**152**	**(66)**	**86**	(160)	(26)	(186)
Deposits in foreign offices	**(41)**	**(126)**	**(167)**	16	(140)	(124)
Short-term borrowings	**(22)**	**(715)**	**(737)**	306	(791)	(485)
Long-term debt	**349**	**(771)**	**(422)**	332	(445)	(113)
Guaranteed preferred beneficial interests in Company's subordinated debentures	**67**	**(38)**	**29**	31	(16)	15
Total increase (decrease) in interest expense	**500**	**(3,264)**	**(2,764)**	899	(2,018)	(1,119)
Increase in net interest income on a taxable-equivalent basis	**$ 1,834**	**$ 586**	**$ 2,420**	$ 1,515	$ 93	$ 1,608

LOAN PORTFOLIO

The following table presents the remaining contractual principal maturities of selected loan categories at December 31, 2002 and a summary of the major categories of loans outstanding at the end of the last five years.

(in millions)	December 31, 2002 One year or less	Over one year through five years Fixed rate	Over one year through five years Floating or adjustable rate	Over five years Fixed rate	Over five years Floating or adjustable rate	Total	December 31, 2001	2000	1999	1998
Selected loan maturities:										
Commercial	$ 16,973	$ 4,621	$ 22,759	$ 996	$ 1,943	$ 47,292	$ 47,547	$ 50,518	$ 41,671	$ 38,218
Real estate 1-4 family first mortgage	603	719	191	9,668	25,158	36,339	25,588	18,464	13,506	12,613
Other real estate mortgage	4,677	3,109	7,007	4,487	6,032	25,312	24,808	23,972	20,899	18,033
Real estate construction	3,817	584	2,880	215	308	7,804	7,806	7,715	6,067	4,529
Foreign	325	1,340	29	199	18	1,911	1,598	1,624	1,600	1,528
Total selected loan maturities	$ 26,395	$ 10,373	$ 32,866	$ 15,565	$ 33,459	118,658	107,347	102,293	83,743	74,921
Other loan categories:										
Consumer:										
Real estate 1-4 family junior lien mortgage						35,927	25,530	18,218	12,949	11,135
Credit card						7,455	6,700	6,616	5,805	6,119
Other revolving credit and monthly payment						26,353	23,502	23,974	20,617	19,441
Total consumer						69,735	55,732	48,808	39,371	36,695
Lease financing						8,241	9,420	10,023	9,890	8,046
Total loans						$ 196,634	$ 172,499	$ 161,124	$ 133,004	$ 119,662

At December 31, 2002, the Company did not have loan concentrations that exceeded 10% of total loans except as disclosed in the following tables. At December 31, 2002, the commercial loan category did not have concentration in any industry exceeding 10% of total loans. The tables on the following two pages summarize selected loan categories by state and property type.

REAL ESTATE 1-4 FAMILY FIRST MORTGAGE LOANS BY STATE

	December 31, 2002 California	Minnesota	Texas	Colorado	Other states (1)	All states	Nonaccruals as a %

(in millions)	Total loans	Non-accrual	Total loans	Non-accrual	Total loans	Non-accrual	Total loans	Non-accrual	Total loans	Non-accrual	Total loans	Non-accrual	of total by type
Real estate 1-4 family first mortgage	$ 21,319	$ 27	$ 1,625	$ 7	$ 1,385	$ 17	$ 1,371	$ 7	$ 10,639	$ 152	$ 36,339	$ 210	1%
% of total by state	59%		4%		4%		4%		29%		100%		
Nonaccruals as a % of total by state		%		%		1%		1%		1%			

(1) Consists of 46 states; no state had loans in excess of $1 billion at December 31, 2002.

OTHER REAL ESTATE MORTGAGE LOANS BY STATE AND PROPERTY TYPE

	December 31, 2002														
	California		Texas		Arizona		Minnesota		Colorado		Other states (2)		All states		Nonaccruals as a %
(in millions)	Total loans	Non-accrual	Total loans	Non-accrual	Total loans	Non-accrual	Total loans	Non-accrual	Total loans	Non-accrual	Total loans	Non-accrual	Total loans	Non-accrual	of total by type
Office buildings	$ 2,956	$ 6	$ 746	$ 14	$ 298	$	$ 163	$	$ 271	$ 11	$ 2,550	$ 5	$ 6,984	$ 36	1%
Industrial	2,493	11	338	2	193	1	282	1	183	1	982	13	4,471	29	1
Retail buildings	1,422	2	381	4	212		199	4	189	1	1,468	11	3,871	22	1
Hotels/motels	439	6	218	1	80	1	34	2	70		1,218	21	2,059	31	2
Apartments	798	9	204		60		97		89		772	1	2,020	10	1
Land	407	1	173	1	75	1	45		49	1	390	4	1,139	8	1
Agricultural	363	1	86	1	53		77	1	28		440	22	1,047	25	2
Institutional	212	1	95	2	31		22		16		168	1	544	4	1
1-4 family structures (1)	33		10		7	1	11		6		58	1	125	2	2
Other	796	4	431	6	92		167	1	182		1,384	14	3,052	25	1
Total by state	$ 9,919	$ 41	$ 2,682	$ 31	$ 1,101	$ 4	$ 1,097	$ 9	$ 1,083	$ 14	$ 9,430	$ 93	$ 25,312	$ 192	1%
% of total by state	39%		11%		4%		4%		4%		38%		100%		
Nonaccruals as a % of total by state		%		1%		%		1%		1%		1%			

(1) Represents loans to real estate developers secured by 1-4 family residential developments.

(2) Consists of 43 states; no state had loans in excess of $1 billion at December 31, 2002.

REAL ESTATE CONSTRUCTION LOANS BY STATE AND PROPERTY TYPE

	December 31, 2002												
	California		Texas		Colorado		Arizona		Other states (1)		All states		Non-accruals as a % of total by type
(in millions)	Total loans	Non-accrual	Total loans	Non-accrual	Total loans	Non-accrual	Total loans	Non-accrual	Total loans	Non-accrual	Total loans	Non-accrual	
Retail buildings	$ 203	$	$ 154	$	$ 49	$	$ 69	$	$ 481	$ 1	$ 956	$ 1	%
1-4 family:													
Land	199	5	54		30		12	2	153	8	448	15	3
Structures	567	3	274	3	193	2	95	3	1,046	18	2,175	29	1
Land (excluding 1-4 family)	264		75	1	52		64	2	372	3	827	6	1
Apartments	223		57		28		36		323		667		
Office buildings	222		115	13	125		139		509	10	1,110	23	2
Industrial	148	6	73		29		28		203	1	481	7	1
Hotels/motels	84		13		20		39		162		318		
Institutional	21		41		5		4		87		158		
Agricultural	8	6	3		1		4		22		38	6	16
Other	125		60	1	30		24		387	5	626	6	1
Total by state	$ 2,064	$ 20	$ 919	$ 18	$ 562	$ 2	$ 514	$ 7	$ 3,745	$ 46	$ 7,804	$ 93	1%
% of total by state	26%		12%		7%		7%		48%		100%		
Nonaccruals as a % of total by state		1%		2%		%		1%		1%			

(1) Consists of 43 states; no state had loans in excess of $455 million at December 31, 2002.

REAL ESTATE 1-4 FAMILY JUNIOR LIEN MORTGAGE LOANS BY STATE

December 31, 2002

(in millions)	California Total loans	California Non-accrual	Minnesota Total loans	Minnesota Non-accrual	Arizona Total loans	Arizona Non-accrual	Texas Total loans	Texas Non-accrual	Washington Total loans	Washington Non-accrual	Other states (1) Total loans	Other states (1) Non-accrual	All states Total loans	All states Non-accrual	Non-accruals as a % of total by type
Real estate 1-4 family junior lien mortgage	$ 13,056	$ 15	$ 2,717	$ 4	$ 1,647	$ 4	$ 1,464	$ 3	$ 1,187	$ 2	$ 15,856	$ 41	$ 35,927	$ 69	%
% of total by state	36%		8%		5%		4%		3%		44%		100%		
Nonaccruals as a % of total by state		%		%		%		%		%		%			

(1) Consists of 45 states; no state had loans in excess of $1 billion at December 31, 2002.

ALLOWANCE FOR LOAN LOSSES

The ratio of the allowance for loan losses to total nonaccrual loans was 259% and 229% at December 31, 2002 and 2001, respectively. This ratio may fluctuate significantly from period to period due to such factors as the mix of loan types in the portfolio, borrower credit strength and the value and marketability of collateral. Classification of a loan as nonaccrual does not necessarily indicate that the principal of a loan is uncollectible in whole or in part. Consequently, the ratio of the allowance for loan losses to nonaccrual loans, without taking into account numerous additional factors, is not a reliable indicator of the adequacy of the allowance for loan losses. Indicators of the credit quality of the Company's loan portfolio and the method of determining the allowance for loan losses are discussed below and in greater detail in the 2002 Annual Report to Stockholders.

ALLOCATION OF THE ALLOWANCE FOR LOAN LOSSES

The table below provides a breakdown of the allowance for loan losses by loan category.

(in millions)	December 31, 2002	2001	2000	1999	1998
Commercial	**$ 865**	$ 882	$ 798	$ 655	$ 664
Real estate 1-4 family first mortgage	**82**	64	55	64	58
Other real estate mortgage	**307**	276	220	220	238
Real estate construction	**53**	86	69	58	62
Consumer:					
Credit card	**386**	394	394	349	356
Other consumer	**681**	659	556	428	588
Total consumer	**1,067**	1,053	950	777	944

Lease financing	**118**	155	67	71	66
Foreign	**86**	116	95	62	79
Total allocated	**2,578**	2,632	2,254	1,907	2,111
Unallocated component of the allowance (1)	**1,284**	1,129	1,465	1,437	1,196
Total	**$ 3,862**	$ 3,761	$ 3,719	$ 3,344	$ 3,307

	December 31,									
	2002		**2001**		**2000**		**1999**		**1998**	
	Alloc. allow. as % of loan catgry	**Loan catgry as % of total loans**	**Alloc. allow. as % of loan catgry**	**Loan catgry as % of total loans**	**Alloc. allow. as % of loan catgry**	**Loan catgry as % of total loans**	**Alloc. allow. as % of loan catgry**	**Loan catgry as % of total loans**	**Alloc. allow. as % of loan catgry**	**Loan catgry as % of total loans**
Commercial	**1.83%**	**24%**	1.86%	28%	1.58%	31%	1.57%	31%	1.74%	32%
Real estate 1-4 family first mortgage	**.23**	**18**	.25	15	.30	12	.47	10	.46	11
Other real estate mortgage	**1.21**	**13**	1.11	14	.92	15	1.05	16	1.32	15
Real estate construction	**.68**	**4**	1.10	5	.90	5	.96	5	1.37	4
Consumer:										
Credit card	**5.18**	**4**	5.88	4	5.96	4	6.01	4	5.82	5
Other consumer	**1.09**	**32**	1.34	28	1.32	26	1.28	26	1.92	25
Total consumer	**1.53**	**36**	1.89	32	1.95	30	1.97	30	2.57	30
Lease financing	**1.43**	**4**	1.65	5	.67	6	.72	7	.82	7
Foreign	**4.50**	**1**	7.26	1	5.89	1	3.88	1	5.17	1
Total allocated	**1.31**	**100%**	1.53	100%	1.40	100%	1.43	100%	1.76	100%
Unallocated component of the allowance (1)	**.65**		.65		.91		1.08		1.00	
Total	**1.96%**		2.18%		2.31%		2.51%		2.76%	

(1) This amount and any unabsorbed portion of the allocated allowance are also available for any of the above listed loan categories.

See Note 5 (Loans and Allowance for Loan Losses) to Financial Statements included in the 2002 Annual Report to Stockholders for a description of the process used by the Company to determine the adequacy and the components (allocated and unallocated) of the allowance for loan losses.

At December 31, 2002, the allowance for loan losses was $3,862 million, or 1.96% of total loans, compared with $3,761 million, or 2.18%, at December 31, 2001. During 2002, the net provision for loan losses approximated charge-offs. The components of the allowance, allocated and unallocated, are shown in the table on the previous page. The allocated component decreased to $2,578 million at December 31, 2002 from $2,632 million at December 31, 2001, while the unallocated increased to $1,284 million at December 31, 2002 from $1,129 million at

December 31, 2001. At December 31, 2002, the unallocated portion of the allowance amounted to 33% of the total allowance, compared with 30% at December 31, 2001.

The $54 million decrease in the allocated component of the allowance from 2001 to 2002 was attributable to lower estimated loss rates in the retail lines of business, partially offset by loan portfolio growth and changes in the loan grades and loan factors in the commercial and wholesale lines of business. Changes in allocated loan loss allowances arrived at through this process reflect management's judgment concerning the effect of trends in borrower performance and recent economic activity on portfolio performance. Without these changes in loss factors and loss rates, the allocated allowance would have increased by approximately $170 million due to loan growth of $24 billion during the year.

The unallocated component of the allowance increased $155 million from 2001 to 2002, primarily due to overall portfolio loan growth, economic uncertainties, and certain industry trends, including continued weakness in several sectors of agricultural lending, a deterioration in used car prices in automobile lending and increased vacancy rates in certain commercial office lending markets. While the allocated component and the total allowance as a percentage of total loans both declined from 2001 to 2002, the unallocated component remained flat, reflecting the uncertain economic environment and its impact on the Company's processes for estimating credit risk. The reduction in the unallocated portion of the allowance in 2001 compared with 2000 reflects the Company's on-going effort to integrate its credit risk management processes following the mergers with the former Wells Fargo & Company in 1998 and First Security Corporation in 2000. Prior to the migration to common processes, the Company maintained a portion of the unallocated allowance to mitigate the imprecision and uncertainty inherent in the Company's diverse processes for estimating credit losses. The integration of credit risk management processes during 2001 increased the reliability of the Company's loss forecasting process and permitted the Company to reduce its unallocated allowance.

Loan balances and the allocated portion of the allowance both increased by 21% between 1999 and 2000. The unallocated portion of the allowance remained essentially flat, continuing to provide coverage for the uncertainties in the Company's integration process. The Company continued the integration of its credit risk management processes during 2001 and reduced the unallocated portion of the allowance. The allocated portion of the allowance continued to increase in 2001 as loan balances increased and credit performance showed indications of deterioration.

No material changes in estimation methodology for the allowance were made in 2002.

The Company considers the allowance for loan losses of $3,862 million adequate to cover losses inherent in loans, loan commitments, and standby and other letters of credit at December 31, 2002.

The foregoing discussion contains forward-looking statements about the adequacy of the Company's allowance for loan losses. These forward-looking statements are inherently subject to risks and uncertainties. A number of factors many of which are beyond the Company's control could cause actual losses to be more than estimated losses. For a discussion of some of the other factors that could cause actual losses to be more than estimated losses, see "Factors That May Affect Future Results" in the "Financial Review" section of the 2002 Annual Report to Stockholders.

PROPERTIES

The Company owns its corporate headquarters building in San Francisco, California. The Company also owns administrative facilities in Anchorage, Alaska; Phoenix and Tempe, Arizona; Los Angeles, California; Minneapolis and Shoreview, Minnesota; Billings, Montana; Albuquerque, New Mexico; Portland, Oregon; Sioux Falls, South Dakota and Salt Lake City, Utah. In addition, the Company leases office space for various administrative departments in major locations in Arizona, California, Colorado, Minnesota, Oregon, Texas, and Utah.

As of December 31, 2002, the Company provided banking, mortgage and consumer finance through more than 5,600 stores under various types of ownership and leasehold agreements. Wells Fargo Home Mortgage (WFHM) owns its headquarters in Des Moines, Iowa and a servicing center located in Minneapolis, Minnesota. In addition, WFHM leases administrative space in San Bernardino and Riverside, California; Springfield, Illinois; Des Moines, Iowa; Frederick, Maryland; Minneapolis, Minnesota; St. Louis, Missouri; Charlotte, North Carolina and all mortgage production offices nationwide. Wells Fargo Financial owns its headquarters in Des Moines, Iowa and leases all branch locations.

The Company is also a joint venture partner in one office building in downtown Los Angeles, California, and one office building in downtown Minneapolis, Minnesota.

For further information with respect to premises and equipment and commitments under noncancelable leases for premises and equipment, refer to Note 6 (Premises, Equipment, Lease Commitments and Other Assets) to Financial Statements included in the 2002 Annual Report to Stockholders.

CONTROLS AND PROCEDURES

Evaluation Of Disclosure Controls And Procedures

As required by SEC rules, within the 90-day period prior to the filing date of this report, the Company carried out an evaluation of the effectiveness of the design and operation of its disclosure controls and procedures. The Company's management, including the Company's chief executive officer and chief financial officer, supervised and participated in the evaluation. Based on this evaluation, the chief executive officer and the chief financial officer concluded that the Company's disclosure controls and procedures were effective as of the evaluation date.

Changes In Internal Controls

There were no significant changes in the Company's internal controls or in other factors that could significantly affect these controls subsequent to the date of their evaluation.

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EXECUTIVE OFFICERS OF THE REGISTRANT

Name and Company Position	Positions Held During the Past Five Years	Age	Years with Company or Predecessors
Howard I. Atkins Executive Vice President and Chief Financial Officer	Executive Vice President and Chief Financial Officer (August 2001 to Present); Executive Vice President and Chief Financial Officer of New York Life Insurance Co. (April 1996 to July 2001)	52	1
John A. Berg Group Executive Vice President (North Central Banking)	Group Executive Vice President (North Central Banking) (November 2000 to Present); Group Executive Vice President (Central Banking) (November 1998 to November 2000); Senior Vice President and Regional Group Head of former Norwest (March 1998 to November 1998); Regional President (Greater Minnesota/La Crosse Region) (January 1990 to March 1998)	57	27
Patricia R. Callahan Executive Vice President (Human Resources)	Executive Vice President (Human Resources) (November 1998 to Present); Executive Vice President of former Wells Fargo (Personnel) (September 1998 to November 1998); Executive Vice President (Wholesale Banking) (July 1997 to September 1998)	49	25
C. Webb Edwards Executive Vice President (Technology and Operations)	Executive Vice President (Technology and Operations) (November 1998 to Present); Executive Vice President of the former Norwest (April 1995 to November 1998); and President and Chief Executive Officer of Wells Fargo Services Company (formerly known as Norwest Services, Inc. and Norwest Technical Services, Inc.) (May 1995 to Present)	55	18
David A. Hoyt Group Executive Vice President (Wholesale Banking)	Group Executive Vice President (Wholesale Banking) (November 1998 to Present); Vice Chair (Real Estate, Capital Markets, International) of former Wells Fargo (May 1997 to November 1998)	47	21
Michael R. James Group Executive Vice President (Diversified Products)	Group Executive Vice President (Diversified Products) (September 2002 to Present); Group Executive Vice President (Business Banking and Consumer Lending) (July 2000 to August 2002); Executive Vice President of Wells Fargo Bank, N.A. (Business Banking Group Head) (July 1997 to July 2000)	51	29

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Richard M. Kovacevich Chairman, President and Chief Executive Officer	Chairman, President and Chief Executive Officer (April 2001 to Present); President and Chief Executive Officer (November 1998 to April 2001); Chairman and Chief Executive Officer of former Norwest (February 1997 to November 1998); Chairman, President and Chief Executive Officer (May 1995 to January 1997)	59	17
Richard D. Levy Senior Vice President and Controller (Principal Accounting Officer)	Senior Vice President and Controller (September 2002 to Present); Senior Vice President and Controller of New York Life Insurance Company (September 1997 to August 2002)	45	
David J. Munio Executive Vice President (Chief Credit Officer)	Executive Vice President (Chief Credit Officer) (November 2001 to Present); Executive Vice President and Deputy Chief Credit Officer of Wells Fargo Bank, N.A. (September 1999 to November 2001); Executive Vice President (Loan Supervision) (April 1996 to September 1999)	58	29
Mark C. Oman Group Executive Vice President (Home and Consumer Finance)	Group Executive Vice President (Home and Consumer Finance) (September 2002 to Present); Group Executive Vice President (Mortgage and Home Equity) (November 1998 to August 2002); Executive Vice President (Mortgage Services and Iowa Community Banking) of former Norwest (February 1997 to November 1998); and Chairman of Wells Fargo Home Mortgage, Inc. (formerly known as Norwest Mortgage, Inc.) (February 1997 to Present); Chief Executive Officer (August 1989 to January 2001)	48	23
Clyde W. Ostler Group Executive Vice President (Private Client Services)	Group Executive Vice President (Private Client Services) (December 2002 to Present); Group Executive Vice President (Internet Services) (October 1999 to December 2002); Group Executive Vice President (Investments) (November 1998 to October 1999); Vice Chair (Trust and Investment Services) of former Wells Fargo (May 1993 to November 1998)	56	32

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Daniel W. Porter Group Executive Vice President (Wells Fargo Financial)	Group Executive Vice President (Wells Fargo Financial) and Chairman and Chief Executive Officer of Wells Fargo Financial, Inc. (December 1999 to Present); various positions with GE Capital since 1986 including Managing Director of GE Capital Europe in London (European Transportation Group) (March 1998 to December 1999); President of Global Consumer Development (September 1997 to March 1998)	47	3
Stanley S. Stroup Executive Vice President and General Counsel	Executive Vice President and General Counsel (November 1998 to Present); Executive Vice President and General Counsel of former Norwest (February 1993 to November 1998)	59	19
John G. Stumpf	Group Executive Vice President (Community Banking) (July 2002 to Present);	49	21

Group Executive Vice President (Community Banking)	Group Executive Vice President (Western Banking) (May 2000 to June 2002); Group Executive Vice President (Southwestern Banking) (November 1998 to May 2000); Regional President (Texas) of former Norwest (July 1994 to November 1998)		
Carrie L. Tolstedt Group Executive Vice President (Regional Banking)	Group Executive Vice President (Regional Banking) (July 2002 to Present); Group Executive Vice President (California and Border Banking) (January 2001 to June 2002); Regional President of Wells Fargo Bank, N.A. (Central California Banking) (December 1998 to January 2001); Regional Manager of Norwest Bank Minnesota, N.A. (Greater Minnesota Community Banking) (May 1998 to December 1998); Executive Vice President of FirstMerit Corporation and President and Chief Executive Officer of Citizens National Bank and Peoples National Bank (August 1996 to May 1998)	43	13

There is no family relationship among the above officers. All executive officers serve at the pleasure of the Board of Directors.

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EXHIBITS, FINANCIAL STATEMENT SCHEDULES AND REPORTS ON FORM 8-K

(a)

Financial Statements, Schedules and Exhibits:

(1)

The consolidated financial statements and related notes, the independent auditors' report thereon and supplementary data that appear on pages 60 through 110 of the 2002 Annual Report to Stockholders are incorporated herein by reference.

(2)

Financial Statement Schedules:

All schedules are omitted, because they are either not applicable or the required information is shown in the consolidated financial statements or the notes thereto.

(3)

Exhibits:
The Company's SEC file number is 001-2979. On and before November 2, 1998, the Company filed documents with the SEC under the name Norwest Corporation. The former Wells Fargo & Company filed documents under SEC file number 001-6214. First Security Corporation filed documents under SEC file number 001-6906.

Exhibit number	Description
3(a)	Restated Certificate of Incorporation, incorporated by reference to Exhibit 3(b) to the Company's Current Report on Form 8-K dated June 28, 1993. Certificates of Amendment of Certificate of Incorporation, incorporated by reference to Exhibit 3 to the Company's Current Report on Form 8-K dated July 3, 1995 (authorizing preference stock), Exhibits 3(b) and 3(c) to the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 1998 (changing the Company's name and increasing authorized common and preferred stock, respectively) and Exhibit 3(b) to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2001 (increasing authorized common stock)
(b)	Certificate of Change of Location of Registered Office and Change of Registered Agent, incorporated by reference to Exhibit 3(b) to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 1999
(c)	Certificate of Designations for the Company's ESOP Cumulative Convertible Preferred Stock, incorporated by reference to Exhibit 4 to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 1994
(d)	Certificate of Designations for the Company's 1995 ESOP Cumulative Convertible Preferred Stock, incorporated by

reference to Exhibit 4 to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 1995

3(e)	Certificate Eliminating the Certificate of Designations for the Company's Cumulative Convertible Preferred Stock, Series B, incorporated by reference to Exhibit 3(a) to the Company's Current Report on Form 8-K dated November 1, 1995
(f)	Certificate Eliminating the Certificate of Designations for the Company's 10.24% Cumulative Preferred Stock, incorporated by reference to Exhibit 3 to the Company's Current Report on Form 8-K dated February 20, 1996
(g)	Certificate of Designations for the Company's 1996 ESOP Cumulative Convertible Preferred Stock, incorporated by reference to Exhibit 3 to the Company's Current Report on Form 8-K dated February 26, 1996
(h)	Certificate of Designations for the Company's 1997 ESOP Cumulative Convertible Preferred Stock, incorporated by reference to Exhibit 3 to the Company's Current Report on Form 8-K dated April 14, 1997
(i)	Certificate of Designations for the Company's 1998 ESOP Cumulative Convertible Preferred Stock, incorporated by reference to Exhibit 3 to the Company's Current Report on Form 8-K dated April 20, 1998
(j)	Certificate of Designations for the Company's Adjustable Cumulative Preferred Stock, Series B, incorporated by reference to Exhibit 3(j) to the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 1998
(k)	Certificate Eliminating the Certificate of Designations for the Company's Series A Junior Participating Preferred Stock, incorporated by reference to Exhibit 3(a) to the Company's Current Report on Form 8-K dated April 21, 1999
(l)	Certificate of Designations for the Company's 1999 ESOP Cumulative Convertible Preferred Stock, incorporated by reference to Exhibit 3(b) to the Company's Current Report on Form 8-K dated April 21, 1999
(m)	Certificate of Designations for the Company's 2000 ESOP Cumulative Convertible Preferred Stock, incorporated by reference to Exhibit 3(o) to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2000
(n)	Certificate of Designations for the Company's 2001 ESOP Cumulative Convertible Preferred Stock, incorporated by reference to Exhibit 3 to the Company's Current Report on Form 8-K dated April 17, 2001
(o)	Certificate of Designations for the Company's 2002 ESOP Cumulative Convertible Preferred Stock, incorporated by reference to Exhibit 3 to the Company's Current Report on Form 8-K dated April 16, 2002

3(p)	By-Laws, incorporated by reference to Exhibit 3(m) to the Company's Annual Report on Form 10-K for the year ended December 31, 1998
4(a)	See Exhibits 3(a) through 3(p)
(b)	The Company agrees to furnish upon request to the Commission a copy of each instrument defining the rights of holders of senior and subordinated debt of the Company

10*(a)	Long-Term Incentive Compensation Plan, incorporated by reference to Exhibit 10(a) to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2002. Forms of Award Term Sheet for grants of restricted share rights, incorporated by reference to Exhibit 10(a) to the Company's Annual Report on Form 10-K for the year ended December 31, 1999. Forms of Non-Qualified Stock Option and Restricted Stock Agreements for grants subsequent to November 2, 1998, incorporated by reference to Exhibit 10(a) to the Company's Annual Report on Form 10-K for the year ended December 31, 1998. Forms of Non-Qualified Stock Option and Restricted Stock Agreements for grants prior to November 2, 1998, incorporated by reference to Exhibit 10(a) to the Company's Annual Report on Form 10-K for the year ended December 31, 1997
*(b)	Long-Term Incentive Plan, incorporated by reference to Exhibit A to the former Wells Fargo's Proxy Statement filed March 14, 1994
*(c)	Wells Fargo Bonus Plan, incorporated by reference to Exhibit 10(c) to the Company's Annual Report on Form 10-K for the year ended December 31, 2000
*(d)	Performance-Based Compensation Policy, incorporated by reference to Exhibit 10(d) to the Company's Annual Report on Form 10-K for the year ended December 31, 1999
*(e)	1990 Equity Incentive Plan, incorporated by reference to Exhibit 10(f) to the former Wells Fargo's Annual Report on Form 10-K for the year ended December 31, 1995
*(f)	1982 Equity Incentive Plan, incorporated by reference to Exhibit 10(g) to the former Wells Fargo's Annual Report on Form 10-K for the year ended December 31, 1993
*(g)	Employees' Stock Deferral Plan, incorporated by reference to Exhibit 10(c) to the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 1998. Amendment to Employees' Stock Deferral Plan, effective November 1, 2000, filed as paragraph (2) of Exhibit 10(ff) hereto

10*(h)	Deferred Compensation Plan, incorporated by reference to Exhibit 10(a) to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2001
*(i)	1999 Directors Stock Option Plan, incorporated by reference to Exhibit 10(c) to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2001
*(j)	1990 Director Option Plan for directors of the former Wells Fargo, incorporated by reference to Exhibit 10(c) to the former Wells Fargo's Annual Report on Form 10-K for the year ended December 31, 1997
*(k)	1987 Director Option Plan for directors of the former Wells Fargo, incorporated by reference to Exhibit A to the former Wells Fargo's Proxy Statement filed March 10, 1995, and as further amended by the amendment adopted September 16, 1997, incorporated by reference to Exhibit 10 to the former Wells Fargo's Quarterly Report on Form 10-Q for the quarter ended September 30, 1997
*(l)	First Security Corporation Comprehensive Management Incentive Plan, incorporated by reference to Exhibit 10.1 to First Security Corporation's Quarterly Report on Form 10-Q for the quarter ended September 30, 1999
*(m)	Deferred Compensation Plan for Non-Employee Directors of the former Norwest, incorporated by reference to Exhibit 10(c) to the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 1999. Amendment to Deferred Compensation Plan for Non-Employee Directors, effective November 1, 2000, filed as paragraph (4) of Exhibit 10(ff) hereto
*(n)	Directors' Stock Deferral Plan for directors of the former Norwest, incorporated by reference to Exhibit 10(d) to the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 1999. Amendment to Directors'

Stock Deferral Plan, effective November 1, 2000, filed as paragraph (5) of Exhibit 10(ff) hereto

*(o)	Directors' Formula Stock Award Plan for directors of the former Norwest, incorporated by reference to Exhibit 10(e) to the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 1999. Amendment to Directors' Formula Stock Award Plan, effective November 1, 2000, filed as paragraph (6) of Exhibit 10(ff) hereto
*(p)	Deferral Plan for Directors of the former Wells Fargo, incorporated by reference to Exhibit 10(b) to the former Wells Fargo's Annual Report on Form 10-K for the year ended December 31, 1997

10*(q)	1999 Deferral Plan for Directors, incorporated by reference to Exhibit 10(q) of the Company's Annual Report on Form 10-K for the year ended December 31, 1999. Amendment to 1999 Deferral Plan for Directors, effective November 1, 2000, filed as paragraph (7) of Exhibit 10(ff) hereto
*(r)	1999 Directors Formula Stock Award Plan, incorporated by reference to Exhibit 10(b) to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2001
*(s)	Supplemental 401(k) Plan, incorporated by reference to Exhibit 10(a) to the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2002
*(t)	Supplemental Cash Balance Plan, incorporated by reference to Exhibit 10(b) to the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 1999. Amendment to Supplemental Cash Balance Plan, incorporated by reference to Exhibit 10(b) to the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2002
*(u)	Supplemental Long Term Disability Plan, incorporated by reference to Exhibit 10(f) to the Company's Annual Report on Form 10-K for the year ended December 31, 1990. Amendment to Supplemental Long Term Disability Plan, incorporated by reference to Exhibit 10(g) to the Company's Annual Report on Form 10-K for the year ended December 31, 1992
*(v)	Agreement between the Company and Richard M. Kovacevich dated March 18, 1991, incorporated by reference to Exhibit 19(e) to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 1991. Amendment effective January 1, 1995, to the March 18, 1991 agreement between the Company and Richard M. Kovacevich, incorporated by reference to Exhibit 10(c) to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 1995
*(w)	Agreement, dated July 11, 2001, between the Company and Howard I. Atkins, incorporated by reference to Exhibit 10 to the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2001
*(x)	Amended and Restated Employment Agreement, dated as of October 18, 2000, between the Company and Spencer F. Eccles, incorporated by reference to Exhibit 10(x) to the Company's Annual Report on Form 10-K for the year ended December 31, 2000
*(y)	Agreement between the Company and Mark C. Oman, dated May 7, 1999 and agreement between the Company and one other executive officer, dated October 25, 1999, incorporated by reference to Exhibit 10(y) to the Company's Annual Report on Form 10-K for the year ended December 31, 1999

10*(z)	Form of severance agreement between the Company and five executive officers, including Richard M. Kovacevich, Les S. Biller, Mark C. Oman and C. Webb Edwards, incorporated by reference to Exhibit 10(ee) to the Company's Annual Report on Form 10-K for the year ended December 31, 1998. Amendment effective January 1, 1995, to the March 11, 1991 agreement between the Company and Richard M. Kovacevich, incorporated by reference to Exhibit 10(b) to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 1995
*(aa)	Description of Supplemental Retirement Benefit Arrangement for C. Webb Edwards, incorporated by reference to Exhibit 10(aa) to the Company's Annual Report on Form 10-K for the year ended December 31, 2000
*(bb)	Agreement, effective April 15, 2002, between Robert L. Joss and Wells Fargo Bank, N.A., incorporated by reference to Exhibit 10(b) to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2002
*(cc)	Description of Relocation Program, filed herewith
*(dd)	Description of Executive Financial Planning Program, incorporated by reference to Exhibit 10(ee) to the Company's Annual Report on Form 10-K for the year ended December 31, 1999
*(ee)	Amendments to Employees' Stock Deferral Plan, Deferred Compensation Plan for Non-Employee Directors, Directors' Stock Deferral Plan, Directors' Formula Stock Award Plan, and 1999 Deferral Plan for Directors, incorporated by reference to Exhibit 10(ff) to the Company's Annual Report on Form 10-K for the year ended December 31, 2000
(ff)	PartnerShares Stock Option Plan, incorporated by reference to Exhibit 10(hh) to the Company's Annual Report on Form 10-K for the year ended December 31, 2001. Amendment to PartnerShares Stock Option Plan, incorporated by reference to Exhibit 10(c) to the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2002
(gg)	Agreement, dated May 29, 2002, between the Company and Les S. Biller, incorporated by reference to Exhibit 10(c) to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2002
(hh)	Agreement, dated July 26, 2002, between the Company and Richard D. Levy, including a description of his executive transfer bonus, incorporated by reference to Exhibit 10(d) to the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2002

* Management contract or compensatory plan or arrangement

Stockholders may obtain a copy of any of the foregoing exhibits, upon payment of a reasonable fee, by writing Wells Fargo & Company, Office of the Secretary, Wells Fargo Center, N9305-173, Sixth and Marquette, Minneapolis, Minnesota 55479.

10(ii)	Non-Qualified Deferred Compensation Plan for Independent Contractors, incorporated by reference to Exhibit 4.18 to the Company's Registration Statement on Form S-3 filed January 4, 2002 (File No. 333-76330)
12(a)	Computation of Ratios of Earnings to Fixed Charges, filed herewith. The ratios of earnings to fixed charges, including interest on deposits, were 3.13, 1.79, 1.82, 2.07 and 1.62 for the years ended December 31, 2002, 2001, 2000, 1999 and 1998, respectively. The ratios of earnings to fixed charges, excluding interest on deposits, were 4.96, 2.64, 2.67, 3.29 and 2.51 for the years ended December 31, 2002, 2001, 2000, 1999 and 1998, respectively.
(b)	Computation of Ratios of Earnings to Fixed Charges and Preferred Dividends, filed herewith. The ratios of earnings to fixed charges and preferred dividends, including interest on deposits, were 3.13, 1.79, 1.81, 2.05 and 1.60 for the years ended December 31, 2002, 2001, 2000, 1999 and 1998, respectively. The ratios of earnings to fixed charges and preferred dividends, excluding interest on deposits, were 4.95, 2.62, 2.65, 3.22 and 2.45 for the years ended December 31, 2002, 2001, 2000, 1999 and 1998, respectively.

13	2002 Annual Report to Stockholders, pages 33 through 110, filed herewith
18	Preferability letter from KPMG related to change in the measurement date for the Company's pension and postretirement health care plans from September 30 to November 30, filed herewith
21	Subsidiaries of the Company, filed herewith
23	Consent of Independent Accountants, filed herewith
24	Powers of Attorney, filed herewith
99	Additional Exhibits
(a)	Certification of Periodic Financial Report by Chief Executive Officer Pursuant to 18 U.S.C. § 1350, filed herewith
(b)	Certification of Periodic Financial Report by Chief Financial Officer Pursuant to 18 U.S.C. § 1350, filed herewith

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(b) The Company filed the following reports on Form 8-K during the fourth quarter of 2002:

(1) October 15, 2002, under Item 5, containing the Company's financial results for the quarter ended September 30, 2002

(2) October 22, 2002, under Item 5, related to the Company's guarantee of term debt and commercial paper of Wells Fargo Financial, Inc. and commercial paper of Wells Fargo Financial, Inc.'s wholly owned Canadian subsidiary, Wells Fargo Financial Canada Corporation

(3) December 26, 2002, under Item 7, related to the Company's issuance of Notes linked to the S&P 500 Index ® due January 4, 2008

(4) December 30, 2002, under Item 7, related to the Company's issuance of Notes linked to the Nasdaq-100 Index ® due January 4, 2008

STATUS OF PRIOR DOCUMENTS

The Wells Fargo & Company Annual Report on Form 10-K for the year ended December 31, 2002, at the time of filing with the Securities and Exchange Commission, shall modify and supersede all documents filed prior to January 1, 2003 pursuant to Sections 13, 14 and 15(d) of the Securities Exchange Act of 1934 (other than the Current Report on Form 8-K filed October 14, 1997, containing a description of the Company's common stock) for purposes of any offers or sales of any securities after the date of such filing pursuant to any Registration Statement or Prospectus filed pursuant to the Securities Act of 1933 which incorporates by reference such Annual Report on Form 10-K.

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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, on March 14, 2003.

WELLS FARGO & COMPANY

By:

/s/ RICHARD M. KOVACEVICH

Richard M. Kovacevich
Chairman, President and
Chief Executive 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 indicated.

By:

/s/ HOWARD I. ATKINS

Howard I. Atkins
Executive Vice President and
Chief Financial Officer
(Principal Financial Officer)

By:

/s/ RICHARD D. LEVY

Richard D. Levy
Senior Vice President and Controller
(Principal Accounting Officer)

The Directors of Wells Fargo & Company listed below have duly executed powers of attorney empowering Philip J. Quigley to sign this document on their behalf.

J.A. Blanchard III	Richard M. Kovacevich
Michael R. Bowlin	Richard D. McCormick
David A. Christensen	Cynthia H. Milligan
Spencer F. Eccles	Benjamin F. Montoya
Susan E. Engel	Donald B. Rice
Enrique Hernandez, Jr.	Judith M. Runstad
Robert L. Joss	Susan G. Swenson
Reatha Clark King	Michael W. Wright

By:

/s/ PHILIP J. QUIGLEY

Philip J. Quigley
Director and Attorney-in-fact
March 14, 2003

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CERTIFICATIONS

I, Richard M. Kovacevich, certify that:

1. I have reviewed this annual report on Form 10-K of Wells Fargo & Company;

2. Based on my knowledge, this annual 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 annual report;

3. Based on my knowledge, the financial statements, and other financial information included in this annual 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 annual report;

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and we have:

   a) designed such disclosure controls and procedures 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 annual report is being prepared;

   b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this annual report (the "Evaluation Date"); and

   c) presented in this annual report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):

   a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and

   b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and

6. The registrant's other certifying officers and I have indicated in this annual report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: March 14, 2003

/s/ RICHARD M. KOVACEVICH

Richard M. Kovacevich
Chairman, President and
Chief Executive Officer

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I, Howard I. Atkins, certify that:

1. I have reviewed this annual report on Form 10-K of Wells Fargo & Company;

2.

Based on my knowledge, this annual 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 annual report;

3. Based on my knowledge, the financial statements, and other financial information included in this annual 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 annual report;

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and we have:

   a) designed such disclosure controls and procedures 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 annual report is being prepared;

   b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this annual report (the "Evaluation Date"); and

   c) presented in this annual report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):

   a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and

   b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and

6. The registrant's other certifying officers and I have indicated in this annual report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: March 14, 2003

/s/ HOWARD I. ATKINS

Howard I. Atkins
Executive Vice President and
Chief Financial Officer

QuickLinks

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