

WELLS FARGO & COMPANY/MN
Form 424B2
December 03, 2018

Filed Pursuant to Rule 424(b)(2)

File No. 333-221324

Title of Each Class of

Securities Offered

**Maximum Aggregate Amount of
Offering Price Registration Fee⁽¹⁾**

Medium-Term Notes, Series S, STEP Income Securities® Linked to the
Common Stock of Apple Inc.

\$28,196,320.00

\$3,417.39

⁽¹⁾ The total filing fee of \$3,417.39 is calculated in accordance with Rule 457(r) of the Securities Act of 1933 (the “Securities Act”) and will be paid by wire transfer within the time required by Rule 456(b) of the Securities Act.

Pricing Supplement No. 171

**Filed Pursuant to Rule
424(b)(2)**

(To Product Supplement No. STEPS-1 dated November 15, 2018, Prospectus Supplement dated January 24, 2018 and Prospectus dated April 27, 2018)

**Registration Statement
No. 333-221324**

2,896,000
Units
\$100 Settlement
principal
and Maturity
per Date
unit
CUSIP
No.
94988U334

**STEP Income
Securities® Linked to
the Common Stock of
Apple Inc.**

- 1-to-1 downside exposure to decreases in
- the Underlying Stock, with up to 100.00% of your principal at risk
- Maturity of
- approximately one year and one week
- Interest payable quarterly
- at the rate of 8.50% per year.
- A payment of \$0.523 per unit if the Underlying
- Stock increases to or above 108.50% of the Starting Value
- All payments on the notes are subject to the credit risk of Wells Fargo & Company; if
- Wells Fargo & Company defaults on its obligations, you could lose some or all of your investment
- No dividends

In addition to the underwriting discount set forth below, the notes

- include a hedging-related charge of \$0.075 per unit. See “Structuring the Notes”

Limited secondary market liquidity, with no exchange listing; intended to be held to maturity

- The notes are unsecured obligations of Wells Fargo & Company. The notes are not deposits or other obligations of a depository institution and are not insured by the Federal Deposit Insurance Corporation, the Deposit Insurance Fund or any other governmental agency of the United States or any other jurisdiction

The notes are being issued by Wells Fargo & Company (“Wells Fargo”). The notes have complex features and investing in the notes involves risks not associated with an investment in conventional debt securities. See “Risk Factors” beginning on page TS-7 of this term sheet and beginning on page PS-6 of product supplement STEPS-1.

The initial estimated value of the notes as of the pricing date is \$9.69 per unit, which is less than the public offering price listed below. The initial estimated value of the notes was determined for us as of the date of this term sheet by Wells Fargo Securities, LLC using its proprietary pricing models. The actual value of your notes at any time will reflect many factors and cannot be predicted with accuracy. See “Summary” on the following page, “Risk Factors” beginning on page TS-7 of this term sheet and “Structuring the Notes” on page TS-12 of this term sheet for additional information.

None of the Securities and Exchange Commission (the “SEC”), any state securities commission, or any other regulatory body has approved or disapproved of these securities or determined if this Note Prospectus (as defined below) is truthful or complete. Any representation to the contrary is a criminal offense.

	<u>Per Unit</u>	<u>Total</u>
Public offering price ⁽¹⁾	\$ 10.000	\$28,196,320.00
Underwriting discount	\$0.175	\$493,435.60

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Proceeds, before expenses, to Wells Fargo \$9.825 \$27,702,884.40

(1) Plus accrued interest from the scheduled settlement date, if settlement occurs after that date.

The notes:

Are Not FDIC Insured Are Not Bank Guaranteed May Lose Value

Merrill Lynch & Co.

November 29, 2018

STEP Income Securities®

Linked to the Common Stock of Apple Inc., due December 13, 2019

Summary

The **STEP** Income Securities® Linked to the Common Stock of Apple Inc., due December 13, 2019 (the “notes”) are our senior unsecured debt securities. The notes are not deposits or other obligations of a depository institution and are not insured by the Federal Deposit Insurance Corporation, the Deposit Insurance Fund or any other governmental agency of the United States or any other jurisdiction. **The notes will rank equally with all of our other unsecured and unsubordinated debt. Any payments due on the notes, including any repayment of principal, will be subject to the credit risk of Wells Fargo.** The notes provide quarterly interest payments. Additionally, if the Ending Value of the Underlying Stock, which is the common stock of Apple Inc., is greater than or equal to the Step Level, the notes will also provide a payment of \$0.523 per unit at maturity. If the Ending Value is less than the Step Level, the Redemption Amount will not be greater than your principal amount. If the Ending Value is less than the Starting Value, the Redemption Amount will be less than the principal amount of your notes, and may be as low as zero. Any payments on the notes will be calculated based on the \$10 principal amount per unit and will depend on the performance of the Underlying Stock, subject to our credit risk. See “Terms of the Notes” and “The Underlying Stock” below.

The public offering price of each note of \$10 includes certain costs that are borne by you. Because of these costs, the estimated value of the notes on the pricing date is less than the public offering price. The costs included in the public offering price relate to selling, structuring, hedging and issuing the notes, as well as to our funding considerations for debt of this type.

The costs related to selling, structuring, hedging and issuing the notes include (a) the underwriting discount, (b) the projected profit that our hedge counterparty (which may be MLPF&S or one of its affiliates) expects to realize for assuming risks inherent in hedging our obligations under the notes and (c) hedging and other costs relating to the offering of the notes.

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

If the costs relating to selling, structuring, hedging and issuing the notes were lower, or if the assumed funding rate we use to determine the economic terms of the notes were higher, the economic terms of the notes would be more favorable to you and the estimated value would be higher. The initial estimated value of the notes as of the pricing date is set forth on the cover page of this term sheet.

Our affiliate, Wells Fargo Securities, LLC (“WFS”), calculated the initial estimated value of the notes set forth on the cover page of this term sheet, based on its proprietary pricing models. Based on WFS’s proprietary pricing models and related market inputs and assumptions, WFS determined an estimated value for the notes by estimating the value of the combination of hypothetical financial instruments that would replicate the payout on the notes, which combination consists of a non-interest bearing, fixed-income bond (the “debt component”) and one or more derivative instruments underlying the economic terms of the notes (the “derivative component”). For more information about the initial estimated value and the structuring of the notes, see “Risk Factors” beginning on page TS-7 of this term sheet and

“Structuring the Notes” on page TS-12 of this term sheet.

STEP Income Securities® TS-2

STEP Income Securities®

Linked to the Common Stock of Apple Inc., due December 13, 2019

Terms of the Notes	Redemption Amount Determination
Issuer:	Wells Fargo & Company (“Wells Fargo”)
Principal Amount:	\$10.00 per unit
Term:	Approximately one year and one week
Underlying Stock:	Common stock of Apple Inc. (the “Underlying Company”) (Nasdaq symbol: APPL)
Starting Value:	179.37 (the Volume Weighted Average Price on the pricing date).
Volume Weighted Average Price:	The volume weighted average price (rounded to two decimal places) shown on page “AQR” on Bloomberg L.P. for trading in shares of the Underlying Stock taking place from approximately 9:30 a.m. to 4:05 p.m. on all U.S. exchanges.
Ending Value:	The Closing Market Price of the Underlying Stock on the valuation date multiplied by the Price Multiplier. The scheduled valuation date is subject to postponement in the event of Market Disruption Events, as described on page PS-20 of product supplement STEPS-1.
Valuation Date:	December 6, 2019
Interest Rate:	8.50% per year
Interest Payment Dates:	March 13, 2019, June 13, 2019, September 13, 2019 and the maturity date
Step Payment:	\$0.523 per unit, which represents a return of 5.23% over the principal amount
Step Level:	194.62 (108.50% of the Starting Value, rounded to two decimal places).
Threshold Value:	179.37 (100% of the Starting Value).
Price Multiplier:	1, subject to adjustment for certain corporate events relating to the Underlying Stock described beginning on page PS-22 of product supplement STEPS-1.
Fees and Charges:	The underwriting discount of \$0.175 per unit listed on the cover page and the hedging related charge of \$0.075 per unit. See “Structuring the Notes” on page TS-12.
Joint Calculation Agents:	WFS and Merrill Lynch, Pierce, Fenner & Smith Incorporated (“MLPF&S”), acting jointly.

In addition to the interest payable on the maturity date, you will receive a cash payment per unit determined as follows:

The terms and risks of the notes are contained in this term sheet and in the following:

Product supplement STEPS-1 dated November 15, 2018:

https://www.sec.gov/Archives/edgar/data/72971/000138713118006280/wfc-424b2_111518.htm

Prospectus supplement dated January 24, 2018:

<https://www.sec.gov/Archives/edgar/data/72971/000119312518018256/d466041d424b2.htm>

Prospectus dated April 27, 2018:

<https://www.sec.gov/Archives/edgar/data/72971/000119312518136909/d557983d424b2.htm>

When you read the accompanying prospectus supplement, note that all references to the prospectus dated November 3, 2017, or to any sections therein, should refer instead to the accompanying prospectus dated April 27, 2018 or to the corresponding sections of such prospectus, as applicable.

These documents (together, the “Note Prospectus”) have been filed as part of a registration statement with the SEC, which may, without cost, be accessed on the SEC website as indicated above or obtained from MLPF&S by calling 1-800-294-1322. Before you invest, you should read the Note Prospectus, together with this term sheet, for information about us and this offering. Any prior or contemporaneous oral statements and any other written materials you may have received are superseded by the Note Prospectus. Capitalized terms used but not defined in this term sheet have the meanings set forth in product supplement STEPS-1. Unless otherwise indicated or unless the context requires otherwise, all references in this document to “we,” “us,” “our,” or similar references are to Wells Fargo.

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STEP Income Securities®

Linked to the Common Stock of Apple Inc., due December 13, 2019

Investor Considerations

You may wish to consider an investment in the notes if:

You anticipate that the Ending Value will be greater than or equal to the Starting Value.

You seek interest payments on your investment.

You accept that the maximum return on the notes is limited to the sum of the quarterly interest payments and the Step Payment, if any.

You accept that your investment may result in a loss, and you could lose a significant portion, or all, of your principal amount, if the Ending Value is below the Starting Value.

You are willing to forgo dividends or other benefits of owning shares of the Underlying Stock.

You are willing to accept a limited market or no market for sales prior to maturity, and understand that the market prices for the notes, if any, will be affected by various factors, including our actual and perceived creditworthiness, our assumed funding rate and fees and charges on the notes.

You are willing to assume our credit risk, as issuer of the notes, for all payments under the notes, including the Redemption Amount.

We urge you to consult your investment, legal, tax, accounting, and other advisors before you invest in the notes.

The notes may not be an appropriate investment for you if:

You anticipate that the Ending Value will be less than the Starting Value.

You anticipate that the price of the Underlying Stock will increase substantially and do not want a payment at maturity that is limited to the Step Payment.

You seek principal repayment or preservation of capital.

In addition to interest payments, you seek an additional guaranteed return above the principal amount.

You want to receive dividends or other distributions paid on the Underlying Stock.

You seek an investment for which there will be a liquid secondary market or you are unwilling to hold the notes to maturity.

You are unwilling to accept the credit risk of Wells Fargo or unwilling to obtain exposure to the Underlying Stock through an investment in the notes.

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STEP Income Securities®

Linked to the Common Stock of Apple Inc., due December 13, 2019

Hypothetical Payments at Maturity

The following examples are for purposes of illustration only. They are based on **hypothetical** values and show **hypothetical** payments on the notes. They illustrate the calculation of the Redemption Amount and total return on the notes based on the hypothetical terms set forth below. **The actual amount you receive and the resulting return will depend on the actual Starting Value, Threshold Value, Ending Value, Step Level, the actual price you pay for the notes and whether you hold the notes to maturity.** The following examples do not take into account any tax consequences from investing in the notes. These examples are based on:

- 1) a hypothetical Starting Value of 100.00;
- 2) a hypothetical Threshold Value of 100.00;
- 3) a hypothetical Step Level of 108.50;
- 4) the Step Payment of \$0.523 per unit;
- 5) the term of the notes from December 7, 2018 to December 13, 2019; and
- 6) the interest rate of 8.50% per year.

The **hypothetical** Starting Value of 100.00 used in these examples has been chosen for illustrative purposes only. The actual Starting Value is 179.37, which was the Volume Weighted Average Price on the pricing date. For recent actual prices of the Underlying Stock, see “The Underlying Stock” section below. In addition, all payments on the notes are subject to issuer credit risk.

Example 1

The Ending Value is 115.00 (115% of the Starting Value)

The Ending Value is greater than the Step Level. Consequently, in addition to the quarterly interest payments, you will receive on the maturity date the principal amount of your notes plus the Step Payment of \$0.523 per unit. The Redemption Amount per unit on the maturity date will therefore be equal to \$10.523 per unit (\$10.00 plus the Step Payment of \$0.523 per unit).

Example 2

The Ending Value is 105.00 (105% of the Starting Value)

The Ending Value is greater than the Starting Value and the Threshold Value but less than the Step Level. Consequently, you will receive the quarterly interest payments, but you will not receive the Step Payment on the maturity date. The Redemption Amount per unit on the maturity date will therefore be equal to \$10.00.

Example 3

The Ending Value is 35.00 (35% of the Starting Value)

The Ending Value is less than the Starting Value and the Threshold Value. Consequently, you will receive the quarterly interest payments, but you will not receive the Step Payment on the maturity date, and you will participate on a 1-for-1 basis in the decrease in the price of the Underlying Stock. The Redemption Amount per unit will equal:

On the maturity date, you will receive the Redemption Amount per unit of \$3.50, representing a 65% loss of your principal amount.

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Linked to the Common Stock of Apple Inc., due December 13, 2019

Summary of the Hypothetical Examples

	Example 1	Example 2	Example 3
	The Ending Value is greater than or equal to the Step Level	The Ending Value is less than the Step Level but greater than or equal to the Starting Value	The Ending Value is less than the Starting Value and the Threshold Value
Starting Value	100.00	100.00	100.00
Ending Value	115.00	105.00	35.00
Step Level	108.50	108.50	108.50
Threshold Value	100.00	100.00	100.00
Interest Rate (per year)	8.50%	8.50%	8.50%
Step Payment	\$0.523	\$0.00	\$0.00
Redemption Amount per Unit	\$10.523	\$10.00	\$3.50
Total Return of the Underlying Stock ⁽¹⁾	16.35%	6.35%	-63.64%
Total Return on the Notes ⁽²⁾	13.87%	8.64%	-56.36%

(1) The total return of the Underlying Stock assumes:

- (a) the percentage change in the price of the Underlying Stock from the Starting Value to the Ending Value;
- (b) a constant dividend yield of 1.33% per year; and
- (c) no transaction fees or expenses.

(2) The total return on the notes includes interest paid on the notes from December 7, 2018 to December 13, 2019

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Linked to the Common Stock of Apple Inc., due December 13, 2019

Risk Factors

There are important differences between the notes and a conventional debt security. An investment in the notes involves significant risks, including those listed below. You should carefully review the more detailed explanation of risks relating to the notes in the “Risk Factors” sections beginning on page PS-6 of product supplement STEPS-1 identified above. We also urge you to consult your investment, legal, tax, accounting, and other advisors before you invest in the notes.

Depending on the performance of the Underlying Stock as measured shortly before the maturity date, your investment may result in a loss; there is no guaranteed return of principal. As a result, even if the value of the Underlying Stock has increased at certain times during the term of the notes, if the Ending Value is less than the Threshold Value, you will receive less than, and possibly lose a significant portion or all of, your principal amount. **Your return on the notes may be less than the yield you could earn by owning a conventional fixed or floating rate debt security of comparable maturity.**

You will not receive the Step Payment at maturity unless the Ending Value is greater than or equal to the Step Level.

Your investment return is limited to the periodic interest payments received over the term of the notes and the Step Payment, if any, and may be less than a comparable investment directly in the Underlying Stock.

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

Holders of the notes have limited rights of acceleration and such rights may be exercised only in the case of payment defaults that continue for a period of 30 days or certain events of bankruptcy or insolvency, whether involuntary or voluntary.

Holders of the notes could be at greater risk for being structurally subordinated if we convey, transfer or lease all or substantially all of our assets to one or more of our subsidiaries.

The estimated value of the notes is determined by our affiliate’s pricing models, which may differ from those of MLPF&S or other dealers. The estimated value of the notes was determined for us by WFS using its proprietary pricing models and related market inputs and assumptions. Based on these pricing models and related market inputs and assumptions, WFS determined an estimated value for the notes by estimating the value of the combination of hypothetical financial instruments that would replicate the payout on the notes, which combination consists of a non-interest bearing, fixed-income bond (the “debt component”) and one or more derivative instruments underlying the economic terms of the notes (the “derivative component”).

The estimated value of the debt component is based on a reference interest rate, determined by WFS as of a date near the time of calculation that generally tracks our secondary market rates. Because WFS does not continuously calculate our reference interest rate, the reference interest rate used in the calculation of the estimated value of the debt component may be higher or lower than our secondary market rates at the time of that calculation. Because the reference interest rate is generally higher than the assumed funding rate that is used to determine the economic terms of the notes, using the reference interest rate to value the debt component generally results in a lower estimated value for the debt component, which we believe more closely approximates a market valuation of the debt component than if we had used the assumed funding rate. WFS calculated the estimated value of the derivative component based on a proprietary derivative-pricing model, which generated a theoretical price for the derivative instruments that constitute the derivative component based on various inputs, including, but not limited to, Underlying Stock performance; interest rates; volatility of the Underlying Stock; time remaining to maturity; and dividend yields on the Underlying

Stock. These inputs may be market-observable or may be based on assumptions made by WFS in its discretion.

The estimated value of the notes is not an independent third-party valuation and certain inputs to these models may be determined by WFS in its discretion. WFS's views on these inputs may differ from those of MLPF&S and other dealers, and WFS's estimated value of the notes may be higher, and perhaps materially higher, than the estimated value of the notes that would be determined by MLPF&S or other dealers in the market. WFS's models and its inputs and related assumptions may prove to be wrong and therefore not an accurate reflection of the value of the notes.

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

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Linked to the Common Stock of Apple Inc., due December 13, 2019

The public offering price you pay for the notes exceeds the initial estimated value. If you attempt to sell the notes prior to maturity, their market value may be lower than the price you paid for them and lower than the initial estimated value. This is due to, among other things, the assumed funding rate used to determine the economic terms of the notes, and the inclusion in the public offering price of the underwriting discount and the estimated cost of hedging our obligations under the notes (which includes a hedging related charge), as further described in “Structuring the Notes” on page TS-12. These factors, together with customary bid ask spreads, other transaction costs and various credit, market and economic factors over the term of the notes, including changes in the price of the Underlying Stock, are expected to reduce the price at which you may be able to sell the notes in any secondary market and will affect the value of the notes in complex and unpredictable ways.

The initial estimated value does not represent the price at which we, MLPF&S or any of our respective affiliates would be willing to purchase your notes in any secondary market (if any exists) at any time. The value of your notes at any time after issuance will vary based on many factors that cannot be predicted with accuracy, including the performance of the Underlying Stock, our creditworthiness and changes in market conditions. MLPF&S has advised us that any repurchases by them or their affiliates are expected to be made at prices determined by reference to their pricing models and at their discretion, and these prices will include MLPF&S’s trading commissions and mark-ups. If you sell your notes to a dealer other than MLPF&S in a secondary market transaction, the dealer may impose its own discount or commission.

The notes will be not listed on any securities exchange or quotation system and a trading market is not expected to develop for the notes. None of us, MLPF&S or any of our respective affiliates is obligated to make a market for, or to repurchase, the notes. There is no assurance that any party will be willing to purchase your notes at any price in the secondary market. If a secondary market does exist, it may be limited, which may affect the price you receive upon any sale. Consequently, you should be willing to hold the notes until the maturity date.

If you attempt to sell the notes prior to maturity, their market value, if any, will be affected by various factors that interrelate in complex ways, and their market value may be less than the principal amount. The following factors are expected to affect the value of the notes: value of the Underlying Stock at such time; volatility of the Underlying Stock; economic and other conditions generally; interest rates; dividend yields; our creditworthiness; and time to maturity.

Our trading, hedging and other business activities, and those of the agents or one or more of our respective affiliates, may affect your return on the notes and their market value and create conflicts of interest with you. Our business, hedging and trading activities, and those of MLPF&S and our respective affiliates (including trading in shares of companies represented by the Underlying Stock), and any hedging and trading activities we, MLPF&S or our respective affiliates engage in for our clients’ accounts, may adversely affect the price of the Underlying Stock and, therefore, adversely affect the market value of and return on the notes and may create conflicts of interest with you. We, the agents, and our respective affiliates may also publish research reports on the Underlying Stock, which may be inconsistent with an investment in the notes and may adversely affect the price of the Underlying Stock. For more information about the hedging arrangements related to the notes, see “Structuring the Notes” on page TS-12.

The Underlying Company will have no obligations relating to the notes and we will not perform any due diligence procedures with respect to the Underlying Company.

You will have no rights of a holder of the Underlying Stock, and you will not be entitled to receive shares of the Underlying Stock or dividends or other distributions by the Underlying Company.

While we, MLPF&S or our respective affiliates may from time to time own securities of the Underlying Company, we, MLPF&S and our respective affiliates do not control the Underlying Company, and have not verified any disclosure made by the Underlying Company.

The Redemption Amount will not be adjusted for all corporate events that could affect the Underlying Company. See “Description of the Notes—Anti-Dilution Adjustments” on page PS-22 of the accompanying product supplement.

There may be potential conflicts of interest involving the calculation agents, one of which is our affiliate and one of which is MLPF&S. As joint calculation agents, we will determine any values of the Underlying Stock and make any other determination necessary to calculate any payments on the notes. In making these determinations, we may be required to make discretionary judgments that may adversely affect any payments on the notes. See the sections entitled “Description of the Notes—Market Disruption Events” and “—Anti-Dilution Adjustments” in the accompanying product supplement.

The U.S. federal tax consequences of an investment in the notes are unclear. There is no direct legal authority regarding the proper U.S. federal tax treatment of the notes, and we do not plan to request a ruling from the Internal Revenue Service (the “IRS”). Consequently, significant aspects of the tax treatment of the notes are uncertain, and the IRS or a court might not agree with the treatment of the notes as described in “United States Federal Tax Considerations” below. If the IRS were successful in asserting an alternative treatment, the tax consequences of ownership and disposition of the notes, including the timing and character of income recognized by U.S. investors might be materially and adversely affected. Moreover, future legislation, Treasury regulations or IRS guidance could adversely affect the U.S. federal tax treatment of the notes, possibly retroactively. You should read carefully the discussion under “United States Federal Tax Considerations” in the accompanying product supplement and “United States Federal Income Tax Considerations” in this term sheet.

Non-U.S. investors should note that persons having withholding responsibility in respect of the notes may withhold on any interest payment paid to a non-U.S. investor, generally at a rate of 30%. To the extent that we have withholding responsibility in respect of the notes, we intend to so withhold.

Neither we nor our agents (including MLPF&S) will be required to pay any additional amounts with respect to amounts so withheld.

STEP Income Securities[®] TS-8

STEP Income Securities®

Linked to the Common Stock of Apple Inc., due December 13, 2019

The Underlying Stock

We have derived the following information from publicly available documents. Apple Inc., manufactures and markets mobile communication and media devices and personal computers, and sells a variety of related software, services, accessories, networking solutions and third-party digital content and applications. Its SEC file number is 001-36743. Information from outside sources is not incorporated by reference in, and should not be considered part of, this term sheet or the accompanying prospectus, prospectus supplement or product supplement. None of us, MLPF&S, or any of our respective affiliates have independently verified the accuracy or completeness of the information obtained from outside sources.

Because the Underlying Stock is registered under the Securities Exchange Act of 1934, the Underlying Company is required to file periodically certain financial and other information specified by the SEC. Information provided to or filed with the SEC by the Underlying Company can be located at the Public Reference Section of the SEC, 100 F Street, N.E., Room 1580, Washington, D.C. 20549 or through the SEC's website at <http://www.sec.gov> by reference to SEC CIK number 0000320193.

This term sheet relates only to the notes and does not relate to the Underlying Stock or to any other securities of the Underlying Company. None of us, MLPF&S, or any of our respective affiliates has participated or will participate in the preparation of the Underlying Company's publicly available documents. None of us, MLPF&S, or any of our respective affiliates has made any due diligence inquiry with respect to the Underlying Company in connection with the offering of the notes. Furthermore, there can be no assurance that all events occurring prior to the date of this term sheet, including events that would affect the accuracy or completeness of these publicly available documents that would affect the trading price of the Underlying Stock, have been or will be publicly disclosed. Subsequent disclosure of any events or the disclosure of or failure to disclose material future events concerning the Underlying Company could affect the price of the Underlying Stock and therefore could affect your return on the notes. The selection of the Underlying Stock is not a recommendation to buy or sell the Underlying Stock.

The Underlying Stock trades on the Nasdaq Stock Market under the symbol "AAPL."

Historical Data

The following table shows the quarterly high and low Closing Market Prices of the shares of the Underlying Stock on its primary exchange from the first quarter of 2008 through the pricing date. We obtained this historical data from Bloomberg L.P. We have not independently verified the accuracy or completeness of the information obtained from Bloomberg L.P. These historical trading prices may have been adjusted to reflect certain corporate actions such as stock splits and reverse stock splits.

	High (\$)	Low (\$)
2008		
First Quarter	27.85	17.02
Second Quarter	27.14	21.02
Third Quarter	25.67	15.04
Fourth Quarter	15.86	11.50
2009		

First Quarter	15.70	11.17
Second Quarter	20.67	15.53
Third Quarter	26.59	19.34
Fourth Quarter	30.23	25.82
2010		
First Quarter	33.69	27.43
Second Quarter	39.17	33.69
Third Quarter	41.78	34.31
Fourth Quarter	46.50	39.81
2011		
First Quarter	51.88	46.67
Second Quarter	50.44	45.05
Third Quarter	59.06	49.03
Fourth Quarter	60.32	51.93
2012		
First Quarter	88.23	58.75
Second Quarter	90.89	75.73
Third Quarter	100.30	82.13
Fourth Quarter	95.96	72.71
2013		
First Quarter	78.43	60.01
Second Quarter	66.26	55.79
Third Quarter	72.53	58.46
Fourth Quarter	81.44	68.71

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STEP Income Securities®

Linked to the Common Stock of Apple Inc., due December 13, 2019

2014	
First Quarter	79.62 71.35
Second Quarter	94.25 73.99
Third Quarter	103.3093.08
Fourth Quarter	119.0096.26
2015	
First Quarter	133.00 105.99
Second Quarter	132.65 124.25
Third Quarter	132.07 103.12
Fourth Quarter	122.57 105.26
2016	
First Quarter	109.5693.42
Second Quarter	112.1090.34
Third Quarter	115.5794.99
Fourth Quarter	118.25 105.71
2017	
First Quarter	144.12 116.02
Second Quarter	156.10 140.68
Third Quarter	164.05 142.73
Fourth Quarter	176.42 153.48
2018	
First Quarter	181.72 155.15
Second Quarter	193.98 162.32
Third Quarter	228.36 183.92
Fourth Quarter (through the pricing date)	232.07 172.29

This historical data on the Underlying Stock is not necessarily indicative of the future performance of the Underlying Stock or what the value of the notes may be. Any historical upward or downward trend in the price per share of the Underlying Stock during any period set forth above is not an indication that the price per share of the Underlying Stock is more or less likely to increase or decrease at any time over the term of the notes.

Before investing in the notes, you should consult publicly available sources for the prices and trading pattern of the Underlying Stock.

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Supplement to the Plan of Distribution

Under our distribution agreement with MLPF&S, MLPF&S will purchase the notes from us as principal at the public offering price indicated on the cover of this term sheet, less the indicated underwriting discount.

We will deliver the notes against payment therefor in New York, New York on a date that is greater than two business days following the pricing date. Under Rule 15c6-1 of the Securities Exchange Act of 1934, trades in the secondary market generally are required to settle in two business days, unless the parties to any such trade expressly agree otherwise. Accordingly, purchasers who wish to trade the notes more than two business days prior to the original issue date will be required to specify alternative settlement arrangements to prevent a failed settlement.

The notes will not be listed on any securities exchange. In the original offering of the notes, the notes will be sold in minimum investment amounts of 100 units. If you place an order to purchase the notes, you are consenting to MLPF&S acting as a principal in effecting the transaction for your account.

MLPF&S has advised us that it or its affiliates may repurchase and resell the notes, with repurchases and resales being made at prices related to then-prevailing market prices or at negotiated prices determined by reference to their pricing models and at their discretion, and these prices will include MLPF&S's trading commissions and mark-ups. MLPF&S may act as principal or agent in these market-making transactions; however, it is not obligated to engage in any such transactions. MLPF&S has informed us that at MLPF&S's discretion, assuming no changes in market conditions from the pricing date, MLPF&S may offer to buy the notes in the secondary market at a price that may exceed the initial estimated value of the notes for a short initial period after the issuance of the notes. Any price offered by MLPF&S for the notes is expected to be based on then-prevailing market conditions and other considerations, including the performance of the Underlying Stock and the remaining term of the notes. However, none of us, MLPF&S, or any of our respective affiliates is obligated to purchase your notes at any price or at any time, and we cannot assure you that we, MLPF&S, or any of our respective affiliates will purchase your notes at a price that equals or exceeds the initial estimated value of the notes.

MLPF&S has informed us that, as of the date of this term sheet, it expects that if you hold your notes in a MLPF&S account, the value of the notes shown on your account statement will be based on MLPF&S's estimate of the value of the notes if MLPF&S or another of its affiliates were to make a market in the notes, which it is not obligated to do; and that estimate will be based upon the price that MLPF&S may pay for the notes in light of then-prevailing market conditions, and other considerations, as mentioned above, and will include transaction costs. Any such price may be higher than or lower than the initial estimated value of the notes.

The distribution of the Note Prospectus in connection with these offers or sales will be solely for the purpose of providing investors with the description of the terms of the notes that was made available to investors in connection with their initial offering. Secondary market investors should not, and will not be authorized to, rely on the Note Prospectus for information regarding Wells Fargo or for any purpose other than that described in the immediately preceding sentence.

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Structuring the Notes

The notes are our debt securities, the Redemption Amount on which is linked to the performance of the Underlying Stock. As is the case for all of our debt securities, including our market-linked notes, the economic terms of the notes reflect our actual or perceived creditworthiness at the time of pricing. Because of the higher issuance, operational and ongoing management costs of market-linked notes as compared to our conventional debt of the same maturity, as well as our liquidity needs and preferences, the assumed funding rate we use in pricing market-linked notes is generally lower than the interest rates implied by secondary market prices for our debt obligations and/or by other traded instruments referencing our debt obligations. This relatively lower assumed funding rate, which is reflected in the economic terms of the notes, along with other costs relating to selling, structuring, hedging and issuing the notes, resulted in the initial estimated value of the notes on the pricing date being less than the public offering price. If the costs relating to selling, structuring, hedging and issuing the notes were lower, or if the funding rate we use to determine the economic terms of the notes were higher, the economic terms of the notes would be more favorable to you and the estimated value would be higher.

Payments on the notes, including the interest payments on the notes and the Redemption Amount, was calculated based on the \$10 principal amount per unit. The Redemption Amount will depend on the performance of the Underlying Stock. We are also required to make the interest payments on the notes. In order to meet these payment obligations, at the time we issue the notes, we expect to enter into certain hedging arrangements (which may include call options, put options or other derivatives) with MLPF&S or one of its affiliates. The terms of these hedging arrangements are determined by seeking bids from market participants, which may include us, MLPF&S and one of our respective affiliates, and take into account a number of factors, including our creditworthiness, interest rate movements, the volatility of the Underlying Stock, the tenor of the notes and the tenor of the hedging arrangements. The economic terms of the notes and their initial estimated value depend in part on the terms of these hedging arrangements.

MLPF&S has advised us that the hedging arrangements will include a hedging related charge of approximately \$0.075 per unit, reflecting an estimated profit to be credited to MLPF&S from these transactions. Since hedging entails risk and may be influenced by unpredictable market forces, additional profits and losses from these hedging arrangements may be realized by us, MLPF&S or any other hedge providers. Any profit in connection with such hedging activity will be in addition to any other compensation that we, the agents, and our respective affiliates receive for the sale of notes, which creates an additional incentive to sell the notes to you.

For further information, see “Risk Factors—General Risks Relating to the Notes” beginning on page PS-6 and “Use of Proceeds and Hedging” on page PS-17 of product supplement STEPS-1.

MLPF&S Reorganization

MLPF&S has informed us of the information in the following paragraph. The current business of MLPF&S is being reorganized into two affiliated broker-dealers: MLPF&S and a new broker-dealer, BofAML Securities, Inc. (“BofAMLS”). MLPF&S will be assigning its rights and obligations as selling agent for the notes under our distribution agreement to BofAMLS effective on the “Transfer Date”. Effective on the Transfer Date, BofAMLS will be the new legal entity for the institutional services that are now provided by MLPF&S. As such, beginning on the Transfer Date, the institutional services currently being provided by MLPF&S, including acting as selling agent for the notes, acting

as joint calculation agent for the notes, acting as principal or agent in secondary market-making transactions for the notes and entering into hedging arrangements with respect to the notes, are expected to be provided by BofAMLS. Accordingly, references to MLPF&S in this term sheet as such references relate to MLPF&S's institutional services, such as those described above, should be read as references to BofAMLS to the extent these services are to be performed on or after the Transfer Date.

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United States Federal Income Tax Considerations

You should read carefully the discussion under “United States Federal Tax Considerations” in the accompanying product supplement and “Selected Risk Considerations” in this term sheet.

Due to the lack of any controlling legal authority, there is substantial uncertainty regarding the U.S. federal tax consequences of an investment in the notes. In connection with any information reporting requirements we may have in respect of the notes under applicable law, we intend (in the absence of an administrative determination or judicial ruling to the contrary) to treat the notes for U.S. federal income tax purposes as prepaid forward contracts with associated interest payments that will be treated as gross income to you at the time received or accrued in accordance with your regular method of tax accounting. In the opinion of our counsel, Davis Polk & Wardwell LLP, which is based on current market conditions, this treatment of the notes is reasonable under current law; however, our counsel has advised us that it is unable to conclude affirmatively that this treatment is more likely than not to be upheld, and that alternative treatments are possible.

Assuming this treatment of the notes is respected and subject to the discussion in “United States Federal Tax Considerations” in the accompanying product supplement, the following U.S. federal income tax consequences should result under current law:

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Any interest payments on the notes should be taxable as ordinary income to you at the time received or accrued in accordance with your regular method of accounting for U.S. federal income tax purposes.

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Upon a sale or exchange of a note (including retirement at maturity), you should recognize capital gain or loss equal to the difference between the amount realized and your tax basis in the note. For this purpose, the amount realized does not include any coupon paid on retirement and may not include sale proceeds attributable to an accrued coupon, which may be treated as a coupon payment. Such gain or loss should be long-term capital gain or loss if you held the note for more than one year.

We do not plan to request a ruling from the IRS regarding the treatment of the notes, and the IRS or a court might not agree with the treatment described herein. Moreover, the U.S. Treasury Department and the IRS have requested comments on various issues regarding the U.S. federal income tax treatment of “prepaid forward contracts” and similar financial instruments and have indicated that such transactions may be the subject of future regulations or other guidance. In addition, members of Congress have proposed legislative changes to the tax treatment of derivative contracts. Any legislation, Treasury regulations or other guidance promulgated after consideration of these issues could materially and adversely affect the tax consequences of an investment in the notes, possibly with retroactive effect. You should consult your tax advisor regarding possible alternative tax treatments of the notes and potential changes in applicable law.

Withholding Tax on Non-U.S. Holders. Because significant aspects of the tax treatment of the notes are uncertain, persons having withholding responsibility in respect of the notes may withhold on any interest payment paid to Non-U.S. Holders (as defined in the accompanying product supplement), generally at a rate of 30%. To the extent that we have (or an affiliate of ours has) withholding responsibility in respect of the notes, we intend to so withhold. In

order to claim an exemption from, or a reduction in, the 30% withholding, you may need to comply with certification requirements to establish that you are not a U.S. person and are eligible for such an exemption or reduction under an applicable tax treaty. You should consult your tax adviser regarding the tax treatment of the notes, including the possibility of obtaining a refund of any amounts withheld and the certification requirement described above.

Moreover, as discussed under “United States Federal Tax Considerations – Tax Consequences to Non-U.S. Holders – Possible Withholding Under Section 871(m) of the Code” in the accompanying product supplement, Section 871(m) of the Code and Treasury regulations promulgated thereunder (“Section 871(m)”) generally impose a 30% withholding tax on dividend equivalents paid or deemed paid to non-U.S. holders with respect to certain financial instruments linked to U.S. equities (“underlying securities”), as defined under the applicable Treasury regulations, or indices that include underlying securities. Section 871(m) generally applies to instruments that substantially replicate the economic performance of one or more underlying securities, as determined based on tests set forth in the applicable Treasury regulations (a “specified equity linked instrument” or “specified ELI”). However, the regulations, as modified by an IRS notice, exempt financial instruments issued prior to January 1, 2021 that do not have a “delta” of one. Based on the terms of the notes and representations provided by us, our counsel is of the opinion that the notes should not be treated as transactions that have a “delta” of one within the meaning of the regulations with respect to any U.S. underlying equity and, therefore, should not be specified ELIs subject to withholding tax under Section 871(m).

A determination that the notes are not subject to Section 871(m) is not binding on the IRS, and the IRS may disagree with this treatment. Moreover, Section 871(m) is complex and its application may depend on your particular circumstances. For example, if you enter into other transactions relating to a U.S. underlying equity, you could be subject to withholding tax or income tax liability under Section 871(m) even if the notes are not specified ELIs subject to Section 871(m) as a general matter. You should consult your tax adviser regarding the potential application of Section 871(m) to the notes.

In the event withholding applies, neither we nor our agents (including MLPF&S) will be required to pay any additional amounts with respect to amounts so withheld.

You should read the section entitled “United States Federal Tax Considerations” in the accompanying product supplement. The preceding discussion, when read in combination with that section, constitutes the full opinion of Davis Polk & Wardwell LLP regarding the material U.S. federal tax consequences of owning and disposing of the notes.

You should consult your tax adviser regarding all aspects of the U.S. federal income and estate tax consequences of an investment in the notes and any tax consequences arising under the laws of any state, local or non-U.S. taxing jurisdiction.