

WELLS FARGO & COMPANY/MN

Form 424B2

October 24, 2018

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**Registration Nos. 333-221324 and 333-221324-01**

**The information in this preliminary pricing supplement is not complete and may be changed. This preliminary pricing supplement and the accompanying prospectus supplement and prospectus are not an offer to sell these notes and we are not soliciting an offer to buy these notes in any jurisdiction where the offer or sale is not permitted.**

Subject To Completion, dated October 24, 2018

PRICING SUPPLEMENT No. 1 dated October , 2018

(To Prospectus Supplement dated May 18, 2018

and Prospectus dated April 27, 2018)

**Wells Fargo Finance LLC**

Medium-Term Notes, Series A

*Fully and Unconditionally Guaranteed by Wells Fargo & Company*

\$

**Fixed Rate Notes**

Notes due , 2028

The notes are issued by Wells Fargo Finance LLC and are fully and unconditionally guaranteed by Wells Fargo & Company. The notes have a term of ten years. The notes pay interest semi-annually at an interest rate equal to % per annum. All payments on the notes are subject to credit risk. If Wells Fargo Finance LLC, as issuer, and Wells Fargo & Company, as guarantor, default on their obligations, you could lose some or all of your investment. The notes are designed to be held to maturity.

Issuer: Wells Fargo Finance LLC  
 Guarantor: Wells Fargo & Company  
 Original Offering Price: \$1,000 per note. References in this pricing supplement to a “note” are to a note with a principal amount of \$1,000.  
 Pricing Date: October , 2018.  
 Issue Date: , 2018. (T+5)  
 Stated Maturity Date: , 2028. The notes are not subject to redemption by Wells Fargo Finance LLC or repayment at the option of any holder of the notes prior to the stated maturity date.  
 Payment at Maturity: A holder will be entitled to receive on the stated maturity date a cash payment in U.S. dollars equal to \$1,000 per note, plus any accrued and unpaid interest.  
 Interest Payment Dates: Each and , commencing , 2019, and at stated maturity. Except as described below for the first interest period, on each interest payment date, interest will be paid for the period commencing on and including the immediately preceding interest payment date and ending on and including the day immediately preceding that interest payment date. This period is referred to as an “interest period.” The first interest period will commence on and include the issue date and end on and include , 2019. Interest payable with respect to an interest period will be computed on the basis of a 360-day year of twelve 30-day months. If a scheduled interest payment date is not a business day, interest will be paid on the next business day, and interest on that payment will not accrue during the period from and after the scheduled interest payment date.  
 Interest Rate: % per annum. We intend to file an application to list the notes on the New York Stock Exchange (the “NYSE”). If the application is approved, we expect trading of the notes on the NYSE to begin within the 30-day period after the initial delivery of the notes. No assurance can be given that such application will be approved.  
 Listing: Denominations: \$1,000 and any integral multiples of \$1,000  
 CUSIP Number: 95001H2A8

**Investing in the notes involves risks. See “Risk Factors” on page PRS-3.**

**The notes are the unsecured obligations of Wells Fargo Finance LLC, and, accordingly, all payments are subject to credit risk. If Wells Fargo Finance LLC, as issuer, and Wells Fargo & Company, as guarantor, default on their obligations, you could lose some or all of your investment. The notes are not savings accounts, 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.**

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

	Original Offering Price	Agent Discount <sup>(1)</sup>	Proceeds to Us
Per Note	\$1,000.00	\$	\$
<b>Total</b>			

(1) See “Plan of Distribution (Conflicts of Interest)” in the prospectus supplement for further information including information regarding how we may hedge our obligations under the notes and offering expenses. Wells Fargo

Securities, LLC, an affiliate of Wells Fargo Finance LLC and a wholly owned subsidiary of Wells Fargo & Company, is the agent for the distribution of the notes and is acting as principal.

**Wells Fargo Securities**

## INVESTMENT DESCRIPTION

The Notes due \_\_\_\_\_, 2028 are senior unsecured debt securities of Wells Fargo Finance LLC and are part of a series entitled “Medium-Term Notes, Series A.”

Payment on the notes is fully and unconditionally guaranteed by Wells Fargo & Company, as guarantor. All payments on the notes are subject to credit risk.

You should read this pricing supplement together with the prospectus supplement dated May 18, 2018 and the prospectus dated April 27, 2018 for additional information about the notes. Information included in this pricing supplement supersedes information in the prospectus supplement and prospectus to the extent it is different from that information. Certain defined terms used but not defined herein have the meanings set forth in the prospectus supplement.

When we refer to “we,” “us” or “our” in this pricing supplement, we refer only to Wells Fargo Finance LLC and not to any of its affiliates, including Wells Fargo & Company.

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

Prospectus Supplement dated May 18, 2018:

<https://www.sec.gov/Archives/edgar/data/72971/000119312518167593/d523952d424b2.htm>

Prospectus dated April 27, 2018:

## **INVESTOR CONSIDERATIONS**

We have designed the notes for investors who:

seek current income at a fixed rate of interest; and

are willing to hold the notes until maturity.

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

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

expect interest rates to increase beyond the interest rate provided by the notes; or

are unwilling to accept the credit risk of Wells Fargo Finance LLC and Wells Fargo & Company.

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## **RISK FACTORS**

Your investment in the notes will involve risks. You should carefully consider the risk factors set forth below as well as the other information contained in the prospectus supplement and prospectus, including the documents they incorporate by reference. You should reach an investment decision only after you have carefully considered with your advisors the suitability of an investment in the notes in light of your particular circumstances.

### **The Amount Of Interest You Receive May Be Less Than The Return You Could Earn On Other Investments.**

Interest rates may change significantly over the term of the notes, and it is impossible to predict what interest rates will be at any point in the future. As a result, the amount of interest you receive on the notes may be less than the return you could earn on other investments.

### **The Notes Are Subject To Credit Risk.**

The notes are our obligations, are fully and unconditionally guaranteed by the Guarantor and are not, either directly or indirectly, an obligation of any other third party. Any amounts payable under the notes are subject to creditworthiness. As a result, our and the Guarantor's actual and perceived creditworthiness may affect the value of the notes and, in the event we and the Guarantor were to default on the obligations under the notes and the guarantee, you may not receive any amounts owed to you under the terms of the notes.

### **An Investment In The Notes May Be More Risky Than An Investment In Notes With A Shorter Term.**

The notes have a term of ten years. By purchasing notes with a longer term, you will bear greater exposure to fluctuations in interest rates than if you purchased a note with a shorter term. In particular, you may be negatively affected if interest rates begin to rise because the interest rate applicable to your notes during a particular interest period may be less than the amount of interest you could earn on other investments available at such time. In addition, if you tried to sell your notes at such time, the value of your notes in any secondary market transaction would also be adversely affected.

### **As A Finance Subsidiary, We Have No Independent Operations And Will Have No Independent Assets.**

As a finance subsidiary, we have no independent operations beyond the issuance and administration of our securities and will have no independent assets available for distributions to the holders of our securities if they make claims in respect of such securities in a bankruptcy, resolution or similar proceeding. Accordingly, any recoveries by such holders will be limited to those available under the related guarantee by the Guarantor and that guarantee will rank *pari passu* with all other unsecured, unsubordinated obligations of the Guarantor. Holders will have recourse only to a single claim against the Guarantor and its assets under the guarantee. Holders of the notes should accordingly assume that in any such proceedings they would not have any priority over and should be treated *pari passu* with the claims of other unsecured, unsubordinated creditors of the Guarantor, including holders of unsecured, unsubordinated debt securities issued by the Guarantor.

### **Holders Of The Notes Have Limited Rights Of Acceleration.**

Payment of principal on the notes may be accelerated only in the case of payment defaults that continue for a period of 30 days, certain events of bankruptcy or insolvency relating to Wells Fargo Finance LLC only, whether voluntary or involuntary, or certain situations under which the guarantee ceases to be in full force and effect. If you purchase the notes, you will have no right to accelerate the payment of principal on the notes if we fail in the performance of any of

our obligations under the notes, other than the obligations to pay principal and interest on the notes. See “Description of Debt Securities of Wells Fargo Finance LLC—Events of Default and Covenant Breaches” in the accompanying prospectus.

**Holders Of The Notes Could Be At Greater Risk For Being Structurally Subordinated If Either We Or The Guarantor Convey, Transfer Or Lease All Or Substantially All Of Our Or Its Assets To One Or More Of The Guarantor’s Subsidiaries.**

Under the indenture, we may convey, transfer or lease all or substantially all of our assets to one or more of the Guarantor’s subsidiaries. Similarly, the Guarantor may convey, transfer or lease all or substantially all of its assets

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to one or more of its subsidiaries. In either case, third-party creditors of the Guarantor's subsidiaries would have additional assets from which to recover on their claims while holders of the notes would be structurally subordinated to creditors of Guarantor's subsidiaries with respect to such assets. See "Description of Debt Securities of Wells Fargo Finance LLC—Consolidation, Merger or Sale" in the accompanying prospectus.

**The Notes Will Not Have The Benefit Of Any Cross-Default Or Cross-Acceleration With Other Indebtedness Of The Guarantor; Events Of Bankruptcy, Insolvency, Receivership Or Liquidation Relating To The Guarantor And Failure By The Guarantor To Perform Any Of Its Covenants Or Warranties (Other Than A Payment Default Under The Guarantee) Will Not Constitute An Event Of Default With Respect To The Notes.**

The notes will not have the benefit of any cross-default or cross-acceleration with other indebtedness of the Guarantor. In addition, events of bankruptcy, insolvency, receivership or liquidation relating to the Guarantor and failure by the Guarantor to perform any of its covenants or warranties (other than a payment default under the guarantee) will not constitute an event of default with respect to the notes.

**The Agent Discount, Offering Expenses And Certain Hedging Costs Are Likely To Adversely Affect The Price At Which You Can Sell Your Notes.**

Assuming no changes in market conditions or any other relevant factors, the price, if any, at which you may be able to sell the notes will likely be lower than the original offering price. The original offering price includes, and any price quoted to you is likely to exclude, the agent discount paid in connection with the initial distribution, offering expenses and the projected profit that our hedge counterparty (which may be one of our affiliates) expects to realize in consideration for assuming the risks inherent in hedging our obligations under the notes. In addition, any such price is also likely to reflect dealer discounts, mark-ups and other transaction costs, such as a discount to account for costs associated with establishing or unwinding any related hedge transaction. The price at which the agent or any other potential buyer may be willing to buy your notes will also be affected by the interest rates provided by the notes and by the market and other conditions discussed in the next risk factor.

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

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

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

**Creditworthiness.** Actual or anticipated changes in our and the Guarantor's creditworthiness may affect the value of the notes. However, because the return on the notes is dependent upon factors in addition to our ability to pay our obligations under the notes and the Guarantor's ability to pay its obligations under the guarantee, an improvement in our and the Guarantor's creditworthiness will not reduce the other investment risks related to the notes.

**We Do Not Expect A Trading Market For The Notes To Develop.**



Although we intend to list the notes on the NYSE, no assurance can be given as to the approval of the notes for the listing or, if listed, the continued listing for the term of the notes, or the liquidity or trading market for the notes. Even if the notes are listed, there can be no assurance that a secondary market will develop. We are not required to maintain any listing of the notes on the NYSE or any other exchange. Although the agent and/or its affiliates may purchase the notes from holders, they are not obligated to do so and are not required to make a market for the notes. Because we do not expect that any market makers will participate in a secondary market for the notes, the price at which you may be able to sell your notes is likely to depend on the price, if any, at which the agent is willing to buy your notes.

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

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**A Dealer Participating In The Offering Of The Notes Or Its Affiliates May Realize Hedging Profits Projected By Its Proprietary Pricing Models In Addition To Any Selling Concession, Creating A Further Incentive For The Participating Dealer To Sell The Notes To You.**

If any dealer participating in the offering of the notes, which we refer to as a “participating dealer,” or any of its affiliates conducts hedging activities for us in connection with the notes, that participating dealer or its affiliates will expect to realize a projected profit from such hedging activities, if any, and this projected hedging profit will be in addition to any concession that the participating dealer realizes for the sale of the notes to you. This additional projected profit may create a further incentive for the participating dealer to sell the notes to you.

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## UNITED STATES FEDERAL TAX CONSIDERATIONS

The following is a discussion of the material U.S. federal income and certain estate tax consequences of the ownership and disposition of the notes. It applies to you only if you purchase a note for cash in the initial offering at the “issue price,” which is the first price at which a substantial amount of the notes is sold to the public, and hold the note as a capital asset within the meaning of Section 1221 of the Internal Revenue Code of 1986, as amended (the “Code”). It does not address all of the tax consequences that may be relevant to you in light of your particular circumstances or if you are an investor subject to special rules, such as:

a financial institution;

a “regulated investment company”;

a “real estate investment trust”;

a tax-exempt entity, including an “individual retirement account” or “Roth IRA”;

a dealer or trader subject to a mark-to-market method of tax accounting with respect to the notes;

a person holding a note as part of a “straddle” or conversion transaction or who has entered into a “constructive sale” with respect to a note;

a U.S. holder (as defined below) whose functional currency is not the U.S. dollar; or

an entity classified as a partnership for U.S. federal income tax purposes.

If an entity that is classified as a partnership for U.S. federal income tax purposes holds the notes, the U.S. federal income tax treatment of a partner will generally depend on the status of the partner and the activities of the partnership. If you are a partnership holding the notes or a partner in such a partnership, you should consult your tax adviser as to the particular U.S. federal tax consequences of holding and disposing of the notes to you.

This discussion is based on the Code, administrative pronouncements, judicial decisions and final, temporary and proposed Treasury regulations, all as of the date hereof, changes to any of which subsequent to the date hereof may affect the tax consequences described herein, possibly with retroactive effect. This discussion does not address the effects of any applicable state, local or non-U.S. tax laws, any alternative minimum tax consequences, the potential application of the Medicare tax on net investment income or the consequences to taxpayers subject to special tax accounting rules under Section 451(b) of the Code. You should consult your tax adviser concerning the application of U.S. federal income and estate tax laws to your particular situation, as well as any tax consequences arising under the laws of any state, local or non-U.S. taxing jurisdiction.

## **General**

In the opinion of our counsel, Davis Polk & Wardwell LLP, the notes will be treated as “fixed rate debt instruments” that are issued without original issue discount for U.S. federal income tax purposes. Our counsel’s opinion is based on market conditions as of the date of this pricing supplement and is subject to confirmation on the Pricing Date.

## **Tax Consequences to U.S. Holders**

This section applies only to U.S. holders. You are a “U.S. holder” if you are a beneficial owner of a note that is, for U.S. federal income tax purposes:

a citizen or individual resident of the United States;

a corporation created or organized in or under the laws of the United States, any state therein or the District of Columbia; or

an estate or trust the income of which is subject to U.S. federal income taxation regardless of its source.

*Interest on the Notes.* Stated interest on the notes will generally be taxable to you as ordinary interest income at the time it accrues or is received in accordance with your method of accounting for U.S. federal income tax purposes.

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*Sale, Exchange or Retirement of the Notes.* You will recognize capital gain or loss on the sale, exchange or retirement of a note equal to the difference between the amount received (other than amounts received in respect of accrued interest, which will be treated as described under “—Interest on the Notes”) and your adjusted tax basis in the note. Your adjusted tax basis in a note generally will be equal to your original purchase price for the note. Your gain or loss generally will be long-term capital gain or loss if at the time of the sale, exchange or retirement you held the notes for more than one year, and short-term capital gain or loss otherwise. Long-term capital gains recognized by non-corporate U.S. holders are generally subject to taxation at reduced rates. Any capital loss you recognize may be subject to limitations.

### **Tax Consequences to Non-U.S. Holders**

This section applies only to non-U.S. holders. You are a “non-U.S. holder” if you are a beneficial owner of a note that is, for U.S. federal income tax purposes:

an individual who is classified as a nonresident alien;

a foreign corporation; or

a foreign estate or trust.

You are not a non-U.S. holder for purposes of this discussion if you are (i) an individual who is present in the United States for 183 days or more in the taxable year of disposition, (ii) a former citizen or resident of the United States or (iii) a person for whom income or gain in respect of the notes is effectively connected with the conduct of a trade or business in the United States. If you are or may become such a person during the period in which you hold a note, you should consult your tax adviser regarding the U.S. federal tax consequences of an investment in the notes.

Subject to the discussions below concerning backup withholding and FATCA, you will not be subject to U.S. federal income or withholding tax in respect of the notes, provided that:

you do not own, directly or by attribution, ten percent or more of the total combined voting power of all classes of our stock entitled to vote;

you are not a controlled foreign corporation related, directly or indirectly, to Wells Fargo & Company through stock ownership;

you are not a bank receiving interest under Section 881(c)(3)(A) of the Code; and

you provide to the applicable withholding agent an appropriate Internal Revenue Service (“**IRS**”) Form W-8 on which you certify under penalties of perjury that you are not a U.S. person.

### **U.S. Federal Estate Tax**

Individual non-U.S. holders and entities the property of which is potentially includible in such an individual’s gross estate for U.S. federal estate tax purposes (for example, a trust funded by such an individual and with respect to which the individual has retained certain interests or powers) should consider the U.S. federal estate tax implications of an investment in the notes. Absent an applicable treaty benefit, a note will be treated as U.S.-situs property subject to U.S. federal estate tax if payments on the note if received by the decedent at the time of death would have been subject to U.S. federal withholding tax (even if the IRS Form W-8 certification requirement described above were satisfied and not taking into account an elimination of such U.S. federal withholding tax due to the application of an income tax treaty). You should consult your tax adviser regarding the U.S. federal estate tax consequences of an investment in the notes in your particular situation and the availability of benefits provided by an applicable estate tax treaty, if any.

### **Backup Withholding and Information Reporting**

Information returns generally will be filed with the IRS with respect to payments of interest on the notes and may be filed with the IRS in connection with the payment of proceeds from a sale, exchange or other disposition of the notes. If you fail to provide certain identifying information (such as an accurate taxpayer identification number if you are a U.S. holder) or meet certain other conditions, you may also be subject to backup withholding at the rate specified in the Code. If you are a non-U.S. holder that provides an appropriate IRS Form W-8, you will generally establish an exemption from backup withholding. Amounts withheld under the backup withholding rules are not

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additional taxes and may be refunded or credited against your U.S. federal income tax liability, provided the relevant information is timely furnished to the IRS.

#### **FATCA**

Legislation commonly referred to as "FATCA" generally imposes a withholding tax of 30% on payments to certain non-U.S. entities (including financial intermediaries) with respect to certain financial instruments, unless various U.S. information reporting and due diligence requirements have been satisfied. An intergovernmental agreement between the United States and the non-U.S. entity's jurisdiction may modify these requirements. Withholding under these rules (if applicable) applies to payments of amounts treated as interest on the notes and, after 2018, to payments of gross proceeds of the disposition (including upon retirement) of the notes. If withholding applies to the notes, we will not be required to pay any additional amounts with respect to amounts withheld. Both U.S. and non-U.S. holders should consult their tax advisers regarding the potential application of FATCA to the notes.

**The preceding discussion constitutes the full opinion of Davis Polk & Wardwell LLP regarding the material U.S. federal tax consequences of owning and disposing of the notes.**

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## **SUPPLEMENTAL PLAN OF DISTRIBUTION**

Wells Fargo Securities, LLC, an affiliate of Wells Fargo Finance LLC and a wholly owned subsidiary of Wells Fargo & Company, is the agent for the distribution of the notes. Notes sold by the agent to the public will initially be offered at the original offering price set forth on the cover page of this pricing supplement. Any notes sold by the agent to securities dealers may be sold at a discount from the original offering price of up to       % of the principal amount of the notes. The agent may allow, and those dealers may reallow, a discount of       % of the principal amount of the notes to other broker/dealers. Such securities dealers may include Wells Fargo Advisors (the trade name of the retail brokerage business of our affiliates, Wells Fargo Clearing Services, LLC and Wells Fargo Advisors Financial Network, LLC). If all the notes are not sold at the original offering price, the agent may change the offering price and the other selling terms.

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

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