

The Next Stage[®]

One team. Pulling together...for communities.



We Want to Be Known by Our...

Team Members

as a company that believes in people as a competitive advantage. We'll be a great place to work where teamwork is valued and rewarded—an employer of choice that really cares about people, understands the value a diverse workforce can bring, and encourages innovation.

Customers

as a financial partner providing outstanding service and sound financial advice, satisfying all of their financial needs and helping them succeed financially. Our customers—external and internal—are at the center of everything we do.

Communities

as the premier financial services company in each of our markets. We'll promote the economic advancement of everyone in our communities including those not yet economically self-sufficient, who have yet to share fully in the prosperity of our extraordinary country.

Shareholders

as a great investment. We'll have outstanding financial results—among the very best in the financial services industry and the entire *Fortune* 500. We'll be a leader in our industry in return on equity, return on assets and growth in revenue and profitability.

Table of Contents

Our Vision and Values in Action: Beyond the Balance Sheet	1
About this Report.....	3
Summary Highlights	4
Our History of Corporate Citizenship	6
Our Company.....	7
Our Outstanding Reputation	8
Business Practices.....	9
Our People as a Competitive Advantage.....	12
Diversity and Inclusiveness	17
Strengthening our Communities	24
Team Member Giving and Volunteerism.....	28
Education.....	31
Responsible Lending.....	35
Housing and Home Ownership.....	37
Small Businesses.....	39
Environmental Stewardship.....	41

ON THE COVER: Wells Fargo buys renewable energy certificates from wind farms such as the Shiloh Wind Power Plant in Solano County, Calif., making us the largest green power purchaser in the country at year-end 2006. **Joanne Lasnier**, who works with our Wholesale Services Group Green Team to promote Wells Fargo’s environmental stewardship, visits the 6,800 acre farm.

*Richard M. Kovacevich, Chairman and CEO (right);
John G. Stumpf, President and COO*



Our Vision and Values in Action:

Beyond the Balance Sheet

Few companies in any industry can match Wells Fargo's long-term financial performance. For the past two decades, we've averaged double-digit compound average growth rates in revenue and earnings per share. Our stock has returned nearly double the rate of the S&P 500® during the same period, and our dividend has increased each year since 1989. That great performance, however, is only one side of our story.

This, our second annual report describing how we serve our communities, gives you a more complete picture. It shows how Wells Fargo's Vision and Values—our way of thinking and acting that guides the everyday decisions of our 158,000 team members—have helped Wells Fargo become one of America's most admired companies.

It's our story of how corporate governance, community involvement, financial contributions, diversity, environmental programs and other efforts combine to create a "One Wells Fargo" approach that helps our customers—and their communities—become financially successful.

For example, in 2006 Wells Fargo contributed \$125,000 to build five homes with Habitat for Humanity on South Dakota's three million-acre Rosebud Indian Reservation, one of America's

poorest regions, where only two of every 10 of its 22,000 people are employed.

Money alone doesn't build homes, people do—and our people hammered and sawed away. Eighty-five team members from across the state traveled to the reservation, some driving as long as four hours. After several days of hard work, they turned that money into footings, trusses and walls.

Our team members put that same spirit to work helping our customers become financially successful. In Brigham City, Utah, personal banker **Nancy Christoffersen** was shopping at a local retailer on her day off when the owner noticed the Wells Fargo name on her jacket. He asked Nancy about her job and said he wasn't happy with his present bank. He'd like to make a switch.

Nancy told the business owner all about Wells Fargo and connected him with business bankers **Barry Fitzgerald** and **Tyson Kunz**. That business owner is now our customer. It wouldn't have happened unless Nancy cared enough during her day off to recognize that this business customer was looking for something more from his financial services partner. It happened because Nancy, Barry and Tyson care about relationships, not transactions. It's that attitude that's central to our Vision and Values.

Our Vision and Values in Action: Beyond the Balance Sheet

In 2006 we produced the 14th edition of our Vision and Values booklet, which goes to every team member. You can read it on wellsfargo.com. It explains how we define success differently than most companies do. Our formula for success starts and ends with people: our team members, our customers, our communities, our shareholders.

We expect our team members to have a passion for doing what's right for the customer. We work hard not only to follow the letter of the law, but also to live the spirit of the law.

Our customers and communities are at the center of everything we do. Their success is our success. Our relationships with them and their communities are precious. We want to help our customers become financially successful, and that means being ready to help at every stage of their lives: from young people taking their first steps toward financial success to people who've saved all their lives and now need help managing and growing their wealth.

Our shareowners—our owners—trust us to make decisions that are in the best interest of Wells Fargo. If you're a shareowner, thank you. You've invested in a company that works hard every day to do the right thing.

To our team members, this report is your story. You give unselfishly of your time and talent to help improve the quality of life for everyone in our communities. We're honored to work with such an extraordinary team. Thank you for all you do!



Richard M. Kovacevich, Chairman and Chief Executive Officer



John G. Stumpf, President and Chief Operating Officer



About This Report

This report is one important way for us to measure ourselves against our company's Vision and Values. Our 2005 report stated our aspirations for 2006. This year we update you on those aspirations and what we want to accomplish in the future.

In this report we cover 10 key areas that are important to our stakeholders and our company. You'll see we're making good progress in each of these areas. We're investing more time and money in our communities, our team members and our environment for three reasons:

Our customers expect it.

They view investing in our communities as a way to create future economic growth and prosperity. This is not a cost of *doing* business – this is a cost to earn *more* business.

Our team members expect it.

They want to work for a company that's making a real difference. Thanks to the generosity of our team member volunteers, we invest not only financial capital in local non-profits, but also human capital as a catalyst for gathering talent and building partnerships that help communities thrive.

Our stockholders expect it.

They hold us responsible for investing the company's resources wisely. We believe these investments—financial, human and social—have been core to our double-digit revenue and profit growth rates the past 20 years, helping us earn superior returns for our stockholders. Compliance and governance are the most basic principles of doing business, and we take them seriously so our shareholders can have confidence in the soundness of our practices.

This report is based on the most current information available as of Dec. 31, 2006, unless otherwise noted. Our stated goals are a result of guidance we receive from the diverse viewpoints of our key stakeholders, including team members, customers, shareholders, community members and many others; our marketplace knowledge; institutional memory; and customer research. Ultimately, we are responsible and accountable for our ethical behavior, business practices, lending decisions, risk management and profitability.

Our Community Commitment



We set our goals and measure our success by aspiring to the highest levels of performance in each of our four levels of our community commitment:

- Social capital – applying our best thinking as leaders in making communities better places to live and work
- Team member volunteerism – encouraging and celebrating the good work our team members do in their communities
- Financial contributions – giving with purpose and focus
- Compliance – doing what we are legally required to do

Summary Highlights

2006 Achievements

Business Practices

Integrity, honesty and trust are essential for meeting the highest standards of corporate governance. Our Vision and Values coupled with our business practices and extraordinary people create our outstanding financial results: industry-leading, double-digit annual growth in revenue and earnings per share for the past five-, 10-, 15- and 20-year periods.

Our People as a Competitive Advantage

We believe our biggest competitive advantage is having people who like their jobs and care about their customers, colleagues and communities. In our 2006 all-company survey, 89 percent of team members said they like their work and 81 percent said they are proud to tell people they work for Wells Fargo. *Working Mother* magazine named us one of the 100 Best Companies for Working Mothers and *BusinessWeek* said we were among the Top 25 Best Places to Launch a Career.

Diversity and Inclusiveness

We're making steady progress when it comes to diversity. In the past year, we increased both the ethnic diversity of our team members and the diversity of senior executives by two percent. We are the only large financial services company in the country with representation on our Board of Directors from the African American, Asian American and Hispanic communities. In 2006 *DiversityInc* magazine ranked Wells Fargo 17th among the country's Top 50 Companies for Diversity, up from 40th in 2005.

Strengthening our Communities

We do more than simply write checks. We invest in our communities so they can become more prosperous. We're one of corporate America's largest financial contributors: in 2005, we were named the Nation's Fifth Most Generous Corporate Foundation by *Forbes* magazine. Over the last five years, we've increased our annual giving by 55 percent—from \$66 million in 2001 to \$103 million in 2006.

Team Member Giving and Volunteerism

Last year we set out to more accurately measure how much time our team members are volunteering in their communities—a challenge for any company of our size. In the past two years, more than 50,600 team members across the U.S. have used our Internet-based tool, *Volunteer Wells Fargo!*, to record 730,000 hours of volunteer service. According to a third-party calculation of the

value of a volunteer hour, our team members have contributed \$13 million in volunteer time to their communities.

Responsible Lending

Wells Fargo has helped more Americans buy homes in recent years than any other lender. In 2006 we introduced the industry's first comprehensive program to help non-prime mortgage customers manage their credit standing and achieve their financial goals. So far, almost 30,000 customers have signed up for the free service, called *Steps To Success*SM, which gives customers direct access to credit education specialists.

Housing and Home Ownership

In 2006 team members began building our 2,000th Habitat for Humanity home, marking 13 years of support for Habitat for Humanity and other housing non-profits. During that time, Wells Fargo has provided 3.5 million volunteer hours and \$40 million in loans and grants to build and renovate homes across the country.

Education

We're committed to helping students benefit from a high-quality education. In 2006 we contributed \$23 million to support 4,400 schools and educational programs across the country. We also expanded our financial education curriculum, *Hands on Banking*[®], to include information for young adults to help them develop better spending habits.

Small Business

We're the number one lender to small businesses nationwide and the number one lender to small businesses in low- to moderate-income neighborhoods in loans of less than \$100,000. In the past 12 years, we've loaned over \$30 billion to small businesses owned by African Americans, Asian Americans, Latinos and women, exceeding our publicly stated loan goals.

Environmental Stewardship

In 2006 we offset 42 percent of our Company's greenhouse-gas emissions from electricity and became the largest purchaser of renewable energy in the U.S. through the purchase of 550 million kilowatt hours of renewable energy certificates each year for three years. Five Wells Fargo buildings in California and Minnesota received ENERGY STAR ratings from the U.S. Environmental Protection Agency and the U.S. Department of Energy for being among the top 10 percent of all energy-efficient buildings in the country.

Summary Highlights

2005* Lending

*Represents last full year of data

Community Development	\$1.44 billion
Multi-Family Loans	\$1.04 billion
Single Family Loans	\$277 billion
Small Business Loans	\$26 billion
Small Farm Loans	\$1.6 billion
	\$307.1 billion

2006 Cash Contributions

Arts and Culture	\$9.3 million
Civic Projects	\$5.7 million
Community Development	\$26.8 million
Education	\$29.1 million
Environment	\$1 million
Human Services	\$30.8 million
	\$102.7 million

Our History of Corporate Citizenship



1852 – Henry Wells and William Fargo found Wells Fargo to fulfill banking and transportation needs in mining camps during the California Gold Rush.

1850s – Wells Fargo hires Chinese- and Spanish-speaking employees.

1860 – Express mail service expands across the U.S. and into Mexico. (pictured left)

1863 – Wells Fargo delivers Civil War relief funds.

1873 – First female agent, Mary Taggart, hired in Palmyra, Neb.

1888 – Employee handbook notes: “Proper respect must be shown to all— let them be men, women, children, rich or poor, white or black.”

1906 – San Francisco earthquake; Wells Fargo provides horses and wagons to evacuate residents and deliver supplies.

1929 – Northwest Bancorporation formed (later called Norwest).

1934 – Clara Hellman Heller becomes first female member of Wells Fargo’s Board of Directors. (pictured left)



1978 – Volunteer Service Award established to reward team member volunteerism.

1990 – First Team Member Resource Group, an affinity group for African American team members, created in Denver.

1990 – Wells Fargo ATMs become bilingual with the addition of Spanish; later add Hmong, Chinese, Vietnamese and Korean. (pictured left)



1995 – First financial institution to establish a public lending goal to support women small business owners.

1995 – Launches *InterCuenta Express*, a service for customers to securely send money to friends and family in Mexico.

1998 – Norwest-Wells Fargo merger creates \$186 billion diversified financial services company.

1998 – Domestic partnership benefits offered to team members.

2000 – First financial institution to introduce Talking ATMs with voice instruction for the visually impaired.

2001 – First financial institution to accept Mexican Matricula Consular card as a valid form of identification for opening bank accounts.

2002 – Introduces Spanish language version of **wellsfargo.com**— Servicios En Español.

2004 – Introduces the *Hands on Banking*® program in English and Spanish to encourage financial education.

2005 – Announces 10-Point Environmental commitment.

2005 – Commits to spending at least \$1 billion with diverse-owned suppliers by 2010.

2006 – Wells Fargo becomes the largest purchaser of renewable energy in the U.S. according to the U.S. Environmental Protection Agency. (left)



Our Company

“We want to satisfy all our customers’ financial needs, help them succeed financially, be the premier provider of financial services in every one of our markets and be known as one of America’s great companies.” – Vision & Values

Double-Digit Annual Compound Growth — for 20 Years

Years	EPS %	Revenue %	WFC Total Return %	S&P 500 Total Return %
5	21	11	14	6
10	13	10	15	8
15	18	12	18	11
20	14	12	21	12

Wells Fargo & Company (NYSE: WFC) is a diversified financial services company providing banking, insurance, investments, mortgage and consumer finance through more than 6,000 stores, the Internet and other distribution channels across North America and internationally. We’re headquartered in San Francisco, but we’re decentralized so every local Wells Fargo store is a headquarters for satisfying its customers’ financial needs and helping them succeed financially.

Wells Fargo has \$482 billion in assets and 158,000 team members. We have more than 80 businesses, spanning virtually all areas of financial services, that work together as “one Wells Fargo” to put our customers and communities at the center of everything we do. We’re one of the United States’ top-40 largest private employers. We ranked fifth in assets and fourth in market value of our stock among our peers as of December 31, 2006. For more information on our businesses, visit www.wellsfargo.com.

Consistent Financial Growth

Wells Fargo has produced consistent annual double-digit increases in both revenue and earnings per share over the past five, 10, 15 and 20 years—periods that included almost every economic condition a financial institution can face. We’ve maintained consistently superior financial results because of our time-tested vision and business model, which have been in place now for two decades. Wells Fargo Bank, N.A. is the only bank in the U.S., and one of only two banks worldwide, to have the highest credit rating from both Moody’s Investors Service, “Aaa,” and Standard and Poor’s Ratings Services, “AAA.”

Shareholder Return

Wells Fargo, according to Mergent Inc., is recognized as a “Dividend Achiever”—a company that has increased annual dividend payments for 10 or more consecutive years. Wells Fargo is among 10 percent of more than 3,300 North American-listed, dividend-paying, common stocks named as a Dividend Achiever. In fact, Wells Fargo has increased its dividend payments for 19 consecutive years—that’s 24 increases since 1987. Since 1988, Wells Fargo dividends have increased at a 16-percent compound annual growth rate, with the Company’s annual dividend payout now exceeding \$3.7 billion, the 13th largest annual dividend of any public company in any industry in the U.S. Among all public companies that were part of the S&P 500 20 years ago and are still a part of the S&P today, Wells Fargo ranked fifth in total annual compound stockholder return, at 4,200 percent—the highest ranking financial services company.

In August 2006, the Company completed a two-for-one stock split on Wells Fargo common stock through a 100 percent stock dividend. As a result of the stock split, stockholders received one share of common stock for each share they held at the record date.

Our Reputation

Market Leadership

- #1 originator of home mortgages to people of color and to low- to moderate-income borrowers (Home Mortgage Disclosure Act)
- #1 retail mortgage originator (*Inside Mortgage Finance*)
- #1 small businesses lender
- #1 small businesses lender in low- to moderate-income neighborhoods
- #1 largest commercial real estate broker (transactions)
- #1 agricultural lender by dollar volume (American Bankers Association)
- #1 Renewable Energy Purchaser (Environmental Protection Agency)
- #1 financial provider to middle market businesses across our banking states
- #2 home equity lender
- #2 largest U.S. commercial real estate lender by volume (Mortgage Bankers Association)
- #2 debit card issuer
- #2 full-service online broker (KeyNote WebExcellence)
- #3 branded bank ATM owner

Recognition

- *Fortune*: America's Most Admired Large Bank
- *Barron's*: 12th Most Admired Company in the World
- *Forbes*: Nation's Fifth Most Generous Corporate Foundation
- *BusinessWeek*: Top 10 Most Generous Corporate Donors
- *Working Mother*: 100 Best Companies for Working Mothers
- *DiversityInc* magazine: 17th Best Company for Diversity; Top 10 Best Companies for Executive Women; Top 10 Best Company for Latinos
- Office of the Comptroller of the Currency: "Outstanding" rating for Community Reinvestment Act performance (Wells Fargo Bank, N.A.)
- Points of Light Foundation: Excellence in Workplace Volunteer Programs
- *BusinessWeek*: Top 25 Best Places to Launch a Career
- Human Rights Campaign: perfect score of 100 on Corporate Equality Index
- *LATINA Style* magazine: Top 50 Companies for Latinas
- *CRO* (formerly *Business Ethics*) magazine: Top 50 Best Corporate Citizens
- DiversityBusiness.com: Top 50 Organizations for Multicultural Business Opportunities
- *Training* magazine: Training Top 100
- *Global Finance* magazine: Top 10 World's Safest Bank
- *Asian Enterprise* magazine: Top 10 Best Companies for Asian Americans
- *Hispanic Business* magazine: Top 10 Companies for Workforce Diversity
- National Black MBA Association: Industry Award
- Association of Fundraising Professionals: Outstanding Corporation (Montana and Southern Minnesota)
- Chinese Association of Iowa: Corporate Leadership Award
- The Greater Los Angeles African American Chamber of Commerce: Banking and Financial Institution of the Year
- *MetroParent* magazine: Family-Friendly Company (Milwaukee)
- Northwest Business for Culture and the Arts: Leading Corporate Supporter of Arts and Culture in Oregon

Business Practices

“Honesty, trust and integrity are essential for meeting the highest standards of corporate governance.”

– Vision & Values

A photograph of four Wells Fargo employees standing in front of a classical building with stone columns and windows. From left to right: a woman with curly brown hair in a light blue blazer, a woman with short grey hair in a red jacket, a man with glasses in a light orange shirt, and a woman with dark hair in a black blazer over an orange top. They are all smiling at the camera.

Hundreds of team members work on compliance and risk-management issues every day for Wells Fargo, including (l to r): **Kristen Veros** (Private Client Services), **Mary Ellen Presnell** (Technology Information Group), **Elon Ginzburg** (Wholesale Banking) and **Val McGary** (Compliance & Enterprise Risk Management).

© 2006 *Cindy Charles*

Corporate Governance at All Levels

Our reputation is shaped not just by what we think and do, but also by how we're perceived by our team members, customers, communities and shareholders. They're the ones who decide—not us—if our governance practices are sound, if our behavior reflects our ethics and if we're a company of integrity based on the results we deliver.

Corporate governance starts with our Board of Directors, 16 executives with diverse backgrounds from various industries and professions. It selects and then works with our chief executive officer, who leads the management team. This leadership group, operating within a system of internal and external checks and balances, is responsible for the day-to-day operations of the Company and is held accountable for its actions. There are five committees of the board: Audit and Examination, Credit, Finance, Governance and Nominating, and Human Resources. In addition, our board addresses any corporate citizenship matters as appropriate at its board meetings.

For more information, you can view Wells Fargo & Company's Corporate Governance Guidelines at: https://www.wellsfargo.com/about/corporate/corporate_governance.

Beyond Compliance

Our customers trust us to protect their assets and—equally important—their personal information. It's one of our most important priorities. Our compliance program, including oversight and training, helps our team members understand laws and regulations that apply to their jobs and meet goals in such important areas as fair lending and information security. When mistakes are made—and that will happen since we're a company made up of people—we acknowledge them, fix them quickly and learn from them. All of our team members are required by the Company to take annual training courses on subjects such as information security, ethics, customer privacy and the Bank Secrecy Act.

Affirmative Action/Equal Employment Opportunity at Wells Fargo

Wells Fargo has a long-standing affirmative action/equal employment opportunity program to ensure that all team members in all positions at all levels in our company are treated equally. This program supports our goal to have people from diverse backgrounds at all levels within the Company. Affirmative

action at Wells Fargo includes a company-wide policy and special policy statements on people with disabilities, women, people of color and protected veterans. Each business group or support department drafts its own affirmative action plan every year.

Equity in Lending Practices

Our continued success depends on serving customers fairly and responsibly. We believe everyone—regardless of income, race, ethnicity or geography—should have the opportunity to build financial wealth and own a home.

We do not tolerate discrimination against, or unfair treatment of, any customer. We're committed to equal access to credit for all. Our underwriting and pricing policies do not treat customers differently based on their race, ethnicity, neighborhood or any other prohibited basis. We price all mortgage loans consistent with the financial risk involved, assessing the customer's financial situation and credit history, the property involved and the type of loan the customer chooses. For more information about our responsible lending practices, please see page 35.

Code of Ethics

Our team members' actions are guided by the values and standards explained in Wells Fargo's Code of Ethics and Business Conduct guide, available online at www.wellsfargo.com/about/corporate/ethics/. All team members must take an annual training course to certify they've read and understand the Code.

We expect all our team members to adhere to the highest possible standards of ethics and business conduct with customers, fellow team members, stockholders and communities and to comply with all applicable laws, rules and regulations that govern our businesses. Our aim is to promote an atmosphere in which ethical behavior is consistently practiced, rewarded and recognized as a priority.

All team members are expected to raise concerns about behavior that may violate the Code or any laws, rules or regulations. Wells Fargo has a 24-hour EthicsLine for team members to call or access online to report such violations. The Audit and Examination Committee of our Board of Directors oversees the investigation of concerns raised about accounting, internal accounting controls and auditing matters. Team members also can anonymously use our EthicsLine to get advice on their obligations under the Code.

Customer Privacy and Information

Protecting our customers' privacy and safeguarding information about them is of utmost importance.

- We do not sell customer information to third parties.
- We do not share customer information with outside parties who may wish to market their products to our customers.
- We limit team member access to customer information to those who have a business reason to know this information.
- Team members receive annual training on how to safeguard customer information. They must observe our Code of Ethics and Business Conduct guide, which includes standards to protect customer confidentiality. They are subject to disciplinary action if they fail to do so.

- We have policies and procedures for the proper physical security of workplaces, equipment and records.
- Our physical, electronic and procedural safeguards meet or exceed federal standards for protecting information about our customers.
- We require independent consultants and outside companies to adhere to strict policy standards in their work for us.
- We evaluate the latest technology to protect against unauthorized access or alterations to customer data.

If any information about our customers is compromised, we do what's right for our customers: we notify them and encourage them to take precautionary steps to reduce any potential risk.



Our People as a Competitive Advantage

“Our most important value is this: we believe in people as a competitive advantage. We strive to find the best people from a diversity of backgrounds and cultures, give them the knowledge and training they need, allow them to be responsible and accountable for their businesses, and recognize them for outstanding performance.”

– Vision & Values



Team members (l to r): Daniel Luft (Retail Banking), Jimmy Yoo (Wholesale Banking), Lisa Connolly (Wholesale Banking) and Lisa Tuccio (Technology Sales and Service).

Our People as a Competitive Advantage

The Wells Fargo Team

	2003	2004	2005	2006
Team members	143,700	149,600	153,000	158,000*
Wages and benefits (salaries, incentive compensation and employee benefits)	\$8.4**	\$8.9	\$10.4	\$11.9
Team members promoted annually	23%	30%	27%	28%

**Full Time Equivalents
**billions*

We know the success of our Company—and our customers—depends on team members who feel valued, rewarded, challenged, supported and recognized. That’s why we’re committed to focusing on every aspect of the team member experience. Throughout their entire time on the team, we provide them with the best tools and resources to grow and succeed *professionally, financially and personally*. This is the essence of a cultural value we call “People as a Competitive Advantage” (PACA).

We have more than 80 businesses and more than 2,000 types of jobs with a breadth of career opportunities available from credit management to commercial real estate lending. More than a third of our current team members have been with Wells Fargo for five years or longer and have held an average of four jobs during their tenure. We have a culture of recruiting from within and we encourage our team members to consider many career paths, whether that means growing within a particular business function or role, or moving to other groups around the company. We provide team members with online career development tools, workshops on skills such as resume writing and interviewing, and career fairs showcasing new career opportunities. We do all of this because we want to attract, retain and grow the very best talent.

Professional Development

We start by recruiting talented people, and we continue to help them grow by fostering many developmental opportunities. We offer programs to help them increase their knowledge, develop skills, network, find mentoring opportunities and expand their career options.

As executive vice president of online customer service, Teddy de Rivera is responsible for managing 1,000 team members in our Internet Services Group. Teddy, who started his career with Wells Fargo in 1984 in the treasury department, has held a wide range of positions throughout his tenure, from finance and credit to running the Human Resources Service Center. He’s recognized as someone with a desire to tackle new challenges, and he came into his current position when a manager from a different business group asked him to apply.

As the third-oldest of 11 children, Teddy learned to value education, family and relationships. He serves on the company’s Corporate Diversity Council and is active in the non-profit Philippine International Aid.

“The people I’ve worked with have been real advocates for me, but it’s also important to be proactive in your own career management and I do this by building up my networking base—both personally and professionally,” he says.

Our People as a Competitive Advantage

Leadership Development

We have a rigorous process for identifying, developing, promoting and retaining current and future leaders. Building a leadership pipeline is an important investment of time and resources to develop a deep bench of leaders. Leaders are developed through job moves within and across business groups and through development activities such as seminars, special projects, mentoring and being leaders at non-profit organizations. Growing leaders that are excellent managers and deliver outstanding business results supports our value of “People as a Competitive Advantage.”

Training

We offer comprehensive training and development courses for team members at every level to advance their skills and knowledge. In fact, they’re a prerequisite for advancement in many cases. In 2006 we invested 2.7 percent of total payroll dollars annually in training programs and we offered more than 11,000 different training courses, 36,000 classroom sessions and 6,000 virtual-classroom sessions. For those team members who want to pursue formal education outside of Wells Fargo, we reimburse tuition for classes or degree programs that support career development up to 100 percent (or \$5,000). Last year we invested \$19.3 million in tuition reimbursement, up from \$15.7 million in 2005.

Professional Development Programs

Each year Wells Fargo hires approximately 200 undergraduate and graduate students to participate in one of our 13 professional development training programs. Ranging from six to 24 months, these rotational programs expose participants to a variety of projects and businesses, as well as to leadership development opportunities to help prepare them for future management positions.

Mentoring

Wells Fargo’s mentoring programs come in different shapes and sizes, and we estimate that at least 20 percent of our workforce is in a mentoring relationship. Many of our team members find mentoring relationships through online tools that match mentors and mentees, or through Team Member Resource Groups—internal networks of individuals with a shared background, experience or other affinity.

Recognition Programs

Every day throughout our company, team members are being recognized and celebrated publicly for their achievements. We like to say we can never recognize and thank our team members enough for a job well done. Programs range from a simple “thank you” to local or national recognition events for outstanding sales and service.

Our Technology Information Group took it a step further with a program called Race for Recognition that provides managers with tips for how to improve recognition. The program has increased the number of formal recognition awards given to team members in that group by 45 percent the past two years. Seventy-one percent of team members in that group said when surveyed that they are satisfied with the recognition they receive, up from 63 percent in 2004.

Personal Development

We all face the challenge of balancing the needs of our personal and work life. We try to make that challenge easier by addressing issues important to our team members.

Time

We encourage team members with special scheduling needs to talk with their managers about alternative work arrangements including part-time, compressed week, job sharing, telecommuting and flexible time. We also use a paid time off (PTO) system that gives team members the flexibility to decide how and when they use their time off. In 2006 14,600 team members worked part-time or flexible schedules and 4,300 took personal or family-related leaves of absence.

Health

Our affordable and flexible health care programs focus on treatment, prevention and wellness. Since 1998, all benefits extended to spouses of team members have been extended to the domestic partners of team members.

As discussed in our 2005 report, we’ve added a program to help team members and their dependents manage and live with chronic illnesses such as asthma and diabetes. The new program combines consumer health education with financial incentives. In 2006 we expanded the program to include coverage for additional chronic conditions such as coronary heart disease and chronic obstructive pulmonary disorder.

Our People as a Competitive Advantage

Work/Life Assistance

Team members and their family members can speak confidentially to professionals at Employee Assistance Consulting (EAC) any time, free of charge, about matters with their personal lives, family, relationships or job. This confidential support helps people deal with or overcome emotional concerns, work difficulties, health-related issues and financial stress.

EAC also provides education and information to team members on topics such as personal resiliency, communication skills and conflict management. Furthermore, EAC supports managers and team members during crises such as bank robberies, natural disasters and other emergencies.

We also offer benefits such as:

- Company-subsidized back-up/emergency childcare in major locations
- Adoption assistance and reimbursement

- Dependent care pre-tax savings account
- Medical pre-tax savings account
- Lactation rooms for nursing mothers
- Free access to LifeCare®, a 24-hour service that helps team members find child care, elder care and dozens of other services
- Partial reimbursement for joining Weight Watchers
- Free access to WebMD® Personal Health Manager

Financial Development

Our vision—which we've been successfully executing for two decades—is to satisfy all our customers' financial needs and help them succeed financially. That goes for our team members, too. The total compensation package at Wells Fargo is more than base salary. It includes a broad array of benefits, resources and opportunities for financial success.

When team member Nancy Couper gave birth to her son Max, she wanted to keep the job she loved in Human Resources but also spend as much time as possible with her baby. She talked to her manager and today she continues to work full time, but telecommutes from home two days a week. "As a working mom, I get the best of both worlds. I get to be a part of my son's life, and I still get to grow in my professional life," she says.



Our People as a Competitive Advantage

Retirement Savings

Our retirement plan is among the best in corporate America. We encourage each of our team members to take advantage of the company's 401(k) plan, through which we match team member contributions dollar for dollar up to 6 percent of pay. Team members can purchase Wells Fargo stock through payroll deductions with after-tax dollars. After one year of service, all regular and part-time team members are automatically enrolled in our Cash Balance Plan, a defined-benefit pension plan funded solely by Wells Fargo. Under the plan, team members are credited quarterly with compensation and investment credits based on their percentage of quarterly pay, age and years of service with Wells Fargo.

Financial Resources

We give team members the tools and information resources to help with their financial planning, including free access to financial counselors. They're also eligible for a variety of

Wells Fargo financial products and services—from checking accounts to insurance to mortgages—for free or at a discounted rate. In 2007 we'll offer more pre-retirement workshops to ensure our team members plan early for retirement and accumulate assets throughout their career.

We want to:

- Further improve team member retention, satisfaction and engagement.
- Help team members succeed professionally by encouraging development at all levels of the organization, including training, leadership development, mentoring and tuition reimbursement.
- Help team members succeed financially by providing financial education at every life stage to help them reach their financial goals.

To encourage open, honest, two-way communication, we survey team members regularly to gauge their satisfaction and use the results to develop action plans. In our latest company-wide team member survey, four of every five team members said they like their work and almost three of every four said "People as a Competitive Advantage" is something Wells Fargo truly believes in, up from two of every three team members in 2004. Our most recent retail bank team member engagement survey found that the ratio of engaged team members—those who are loyal and committed to the company—to actively disengaged team members has more than tripled since 2003. It's no secret: happy team members make happy customers. And happy customers entrust us with even more of their business.

2006 Team Member Survey Results

	2002	2004	2006	Financial Services Industry Benchmark
Survey response rate	76%	85%	85%	N/A
I like the kind of work I do	89%	88%	89%	84%
I am proud to tell people I work for Wells Fargo	79%	80%	81%	72%
Wells Fargo really believes in "People as a Competitive Advantage"	59%	63%	70%	N/A
I understand how the work I do helps Wells Fargo achieve its goals	88%	91%	85%	85%
I feel there is a promising future for me at Wells Fargo	67%	68%	69%	57%
I receive the training I need to perform my job effectively	66%	70%	71%	55%
Wells Fargo makes it easy for people from diverse backgrounds to fit in and be accepted	79%	81%	84%	75%

Diversity and Inclusiveness

“We cannot be one of America’s great companies unless we become more diverse. It’s a tremendous business opportunity—because it enables us to use creativity, fresh thinking and multiple perspectives to respond fast and effectively to emerging customer needs.”– Vision & Values



Oyumaa Kennedy was born on a farm in northern Mongolia. At 17, she moved to the capital of Mongolia, Ulan Bator. She earned her college degree and got a job on the Mongolian Stock Exchange. After coming to San Francisco six years ago to study English, she met and married a lawyer and has been here since.

Despite her college degree and her stock exchange experience, the only job she could find earned her \$8.50 an hour at a deli. She felt stuck and unable to use her accounting skills—one of the many well-educated, under-employed immigrants who come to America legally but have difficulty with job interviews due to cultural differences and networking challenges.

Then, through Upwardly Global, a non-profit organization that helps locate jobs for qualified immigrants and permanent U.S. residents, she found her way to Wells Fargo. We immediately recognized her talent and energy, and she joined Wells Fargo Funds as an account manager. Her career opportunities haven’t stopped there. After two years with Wells Fargo Funds, she was recruited into another part of our company, and today her business card says “Financial Consultant, Customer Service, Sales and Operations.”

Diversity and Inclusiveness

According to the latest U.S. census data, more than 30 percent of the U.S. population is made up of people of color and seven million Americans have self-identified as being a combination of races. The purchasing power of ethnically diverse Americans is approaching \$2 trillion. By 2008, 70 percent of all new hires in the U.S. will be women and ethnically diverse individuals. According to the American Association of People with Disabilities, more than 50 million people—one of every five Americans—have a disability and we recognize this as another important dimension of diversity.

People want to do business with a company that looks like them, speaks their language, is sensitive to their culture and understands their values and needs. We'll earn more of our customers' business if we're as diverse—in every respect—as they are. This is one of our biggest business opportunities. More importantly, it's the right thing to do. Everyone deserves equal job opportunities and equal access to financial services. Everyone—team members, customers and business partners—deserves to feel welcome and included, valued for their individualism and given the opportunity to succeed. It's what makes our country, and our company, great.

That's why diversity at Wells Fargo is not a separate project or program; we recognize the importance of integrating it into everything we do. Our Board of Directors, CEO and senior management are personally committed to creating an inclusive culture. Team member engagement is critical. We use our team member networks and Corporate Diversity Council to build community relationships and advise senior management on policy, culture and leadership best practices that foster diversity and awareness. In 2006 we created a committee to help us better reach diverse customers. The Diverse Growth Segments committee, representing every business group, is the "One Wells Fargo" center for diversity best practices.

In 2003 Wells Fargo's Corporate Diversity Council created the Six Steps to Diversity to guide and measure the Company's progress toward creating an inclusive environment. Every business in our Company is accountable for developing and implementing an action plan for these Six Steps. We've come a long way; here is an update on our progress.

Step 1: Our CEO and executive management team take responsibility for diversity and hold themselves and others accountable.

Our senior managers understand that diversity is as essential to our success as sales volume and other business goals. Managed effectively, diversity among team members can strengthen commitment, performance, creativity and innovation – all of which lead to revenue growth.

We expect our senior managers to be diversity champions. They understand the importance of diversity and are held accountable for creating an inclusive environment within their teams. They are committed to attracting, developing and retaining diverse candidates. More than half of our managers have diversity goals tied to their compensation, and we're working to make this a company-wide practice.

Our business leaders meet regularly with Human Resources and the Corporate Diversity Council to discuss progress, share best practices and identify our opportunities. The management committee also considers diversity during its quarterly talent review meetings. We recently created a company-wide diversity progress report so all business groups can more effectively set goals and track their Six Steps progress. We plan to introduce and test the progress report in 2007.

Team Member Diversity

	Team Members	Ethnically Diverse	% Increase 2005	Women	% Increase 2005
Company	167,000*	33%	+2%	61%	-1%
All managers	22,000	22%	+1%	51%	-1%
Senior managers/ executives	9,100	16%	+2%	41%	+1%
Board of Directors	16	19%	+0%	25%	-6%
					*Total Team Members

Diversity and Inclusiveness

Step 2: People from diverse backgrounds are in all levels of management.

We measure diversity at all levels of the organization—by business, geography, function and level—to track our progress. Sixty-one percent of all team members are women, and in the past year we've increased the number of ethnically diverse team members company-wide by 2 percent. Our Board of Directors is among the more diverse boards in corporate America: four of the 16 members are women and three are ethnically diverse. We are the only large bank in the country with representation from the African American, Asian American and Hispanic communities.

Although we've made progress, we can and must do better. Our biggest challenge is increasing ethnic diversity among senior managers. Change is slow due to lower turnover at that level and our culture of promoting from within the company. We're committed to improving and are focused on building a pipeline of qualified diverse candidates so we can fill the roles of senior managers and executives who retire or leave the company. We have a process for identifying diverse, high-potential mid-to senior-level executives across the organization and preparing them for leadership roles through career development, rotation programs, training and mentoring.

About 340 team members have graduated from our Diverse Leaders program for African Americans, Asian Americans and Latinos, and we track their long-term retention rates. When recruiting new team members, we work with various talent resources, including search firms that specialize in diversity, and we partner with universities and professional organizations to identify qualified diverse candidates.

Our Team Member Resource Groups (TMRGs), affinity groups that facilitate and promote awareness of cultural groups, are critical in attracting, developing, engaging and retaining team members at all levels across the company in career development, mentoring programs, networking and community outreach activities. About 8,000 team members participate in 100 TMRGs—Asian Connection, DisAbilities Awareness, Native Peoples and Amigos to name a few—and sit on 71 diversity councils for their business group or local area. They're our ambassadors and liaisons in diverse communities.

We've offered diversity and inclusiveness training to our team members since the 1980s and continue to expand our programs. For Wells Fargo and most of corporate America, the first decade of diversity training focused on awareness building and sensitivity. Today, we help team members understand and appreciate that diverse teams make us more productive, which is simply good business. Most of our managers and team members are required to take diversity training, and in 2006 we increased the number of active diversity trainers to 142, up from 35 trainers in 2005.

Wells Fargo team member Cheryl Vonada of Anchorage, Alaska, has otosclerosis, a hereditary hearing loss disease. Diagnosed at age 20, Cheryl now has total deafness in one ear and has only 50 percent of her hearing in the other. She began her career with Wells Fargo in 1987 as a teller, and today she's a store manager leading 15 people. She wears hearing aids and Wells Fargo provides her with a telephone amplifier that raises the volume of incoming calls so it's easier for her to communicate with customers. Our stores meet the federal government's accessibility requirements for ATMs, parking, ramps, walkways, store entrances, customer service telephones and teller counters.

Diversity and Inclusiveness

Step 3: We establish long-term relationships with diverse communities.

In our 2005 report, we said we wanted to attract and keep more diverse customers and earn more of their business. Here are some of the programs and services we offer to meet the needs of our customers who are ethnically diverse or who have disabilities:

- Customers can wire money home at very competitive rates to seven nations: Mexico, El Salvador, Guatemala, India, the Philippines and—new in 2006—Vietnam and China.
- For 2001 through 2005 combined, we were the nation's #1, #2 or #3 mortgage originator for African Americans, Latinos, Asian Americans, Native Americans and low- and moderate-income borrowers.
- In the past 12 years, we've loaned nearly \$34 billion to businesses owned by women, Asian Americans, African Americans and Latinos (see page 39).
- We were the first financial services company in the U.S. to promote the use of the consular identification card as one of two forms of identification for opening bank accounts for customers from Mexico, Guatemala and Argentina. In 2006 we began accepting consular identification cards from Colombia. The number of Wells Fargo bank accounts opened using a consular identification card has surpassed one million.
- **Wellsfargo.com** is accessible to visually impaired customers and has been certified by the National Federation of the Blind for its commitment to universal accessibility. Today all of our ATMs are *Talking WebATM*® machines with voice instructions in both English and Spanish.

The Diverse Growth Segments team was created five years ago to help develop and execute strategies so we can earn more business from our diverse customers.



On the team are (l to r): Mihaela Zuckerman, Mark Tristan Ng, Tzu-Chen Lee, Alejandro Hernandez, Ana Lopez and Pat Crawford.

© 2006 Terry Mahanna

Step 4: We contribute to the diverse communities where we work, live and do business.

In our 2005 report, we said we must continue to support initiatives benefiting more ethnically diverse communities. Every year we provide volunteers, grants and educational support to hundreds of organizations that serve diverse communities. In 2006, 16 percent of our overall company donations were made to organizations primarily serving ethnic groups.

We invest significant resources in educational outreach programs so that people from all walks of life have equal access to secure financial products and services. For example, we're working with the Center for Financial Services Innovation and other financial services companies to make credit more accessible to the underbanked and underserved, many of whom are young adults or immigrants who have bank accounts but do not have a credit history. We're looking at how alternative payment sources such as utility, phone and rental payments can be used to determine credit risk, in addition to the traditional information provided by credit bureaus.

In addition:

- We partner with local organizations supporting diverse communities to host financial seminars on topics such as checking and savings account skills, credit, homeownership, wealth building and small business ownership (see page 32). In 2006 we began a new initiative to provide financial education to African Americans in Dallas and Houston, in partnership with local church leadership and congregations.
- We sponsor hundreds of community and cultural events held by diverse community and business organizations. For example, we were the exclusive financial services sponsor of the Essence Music Festival in Houston, one of the largest annual gatherings of African American music talent in the nation.
- We sponsor higher education financial aid initiatives through organizations such as the Asian and Pacific Islander American Scholarship Fund, the Hispanic Scholarship Fund, the United Negro College Fund and the American Indian Graduate Center.

Purchases from Diverse Suppliers

millions of dollars

2006	\$550
2005	\$425
2004	\$301
2003	\$253
2002	\$213
2001	\$133

Supplier Diversity

Our suppliers play an important role in our ability to meet the financial needs of our customers. We know that just as our customers and team members are becoming more diverse every day, so are our suppliers. In 2005 we set a goal of spending at least \$1 billion annually with companies that are at least 51 percent owned, operated and managed by women, people of color or people with disabilities by 2010. We're almost halfway there: in 2006, we spent an estimated \$550 million with diverse suppliers. Recently DiversityBusiness.com named us one of the Top 50 Organizations for Multicultural Business Opportunities.

Since its inception in 2001, our Supplier Diversity initiative has expanded its relationships with diverse suppliers using a company-wide process and encouraging greater participation among business groups.

Supplier and Team Member Education

We host workshops to help suppliers understand what they need to do to qualify as Wells Fargo vendors. In 2006 we also invested in additional training and communication for team members since they choose our suppliers. We work with regional and national organizations that promote supplier diversity such as the: National Association for the Advancement of Colored People, United States Pan Asian American Chamber of Commerce, United States Hispanic Chamber of Commerce, National Center for American Indian Enterprise Development and the National Gay and Lesbian Chamber of Commerce.

Diversity and Inclusiveness

As explained in our 2005 report, we've invested in improved online tools and databases to help suppliers register with Wells Fargo and help our team members find qualified diverse suppliers while better tracking their progress.

Shift Spend Strategy

In 2006 we launched an aggressive strategy to encourage our business leaders to shift a portion of their existing vendor relationships to diverse suppliers. For example, we asked our business groups to hire a diverse supplier for a few of their annual printing jobs, thus increasing our spending with diverse suppliers while allowing the businesses to maintain their vendor relationships for other projects. This year, our authorized travel agency also became a certified diverse supplier. To manage company costs, all Wells Fargo team members are required to use this agency for business travel arrangements. We spent \$80 million with the agency in 2005 and expect to exceed that amount in 2006. This certification is a great opportunity for us to make major strides toward our \$1 billion goal.

Second-Tier Suppliers

Developing and expanding opportunities for second-tier suppliers, subcontractors who provide goods and services to our primary suppliers, is critical to our success. In 2006 we improved our ability to more accurately measure spending data from both diverse suppliers and second-tier suppliers with a new internal online portal. Our Corporate Properties Group, responsible for building and remodeling Wells Fargo stores, used the system to measure its use of building subcontractors, many of whom are diverse. We've also trained many of our primary suppliers to provide us with second-tier supplier data. In 2006 the \$550 million spent with diverse suppliers included \$350 million with primary suppliers and \$200 million with second-tier suppliers, including construction companies. This second-tier spending has more than tripled in just three years.

Step 5: Diversity is present in all of our company communications.

We strive to consistently represent people from diverse backgrounds in our company magazines, annual reports,

advertising, collateral, and on wellsfargo.com. We focus our communications on all dimensions of diversity—not just race and gender—including background, education, disabilities, age, sexual orientation, geographical location, problem solving approaches and learning styles.

We said in our 2005 report that we wanted to improve our ability to serve customers in the language of their choice. We provide information about our products and services through in-language brochures, signs, marketing and advertising campaigns. All of our ATMs feature six languages: English, Spanish, Chinese, Hmong, Korean and Vietnamese. We're committed to hiring more bilingual team members in our phone banks and banking stores, and in certain locations we offer in-house language training. For example, team members in Fort Wayne, Ind., participated in a 10-week program to learn basic Spanish phrases to better serve their Spanish-speaking customers.

Step 6: We seek to be known as a diverse company.

Step six indicates our progress in the other five areas. We want job candidates, customers, vendors and stockholders to seek out Wells Fargo because of our reputation for diversity. In 2006 we ranked 17th among *DiversityInc* magazine's Top 50 Companies for Diversity, and *Working Mother* magazine named us one of the 100 Best Companies for Working Mothers. Please see page 8 for more of our accomplishments in 2006.

Last year we said we wanted to learn more about the opinions of our diverse team members, especially those groups who typically express less satisfaction with the company in surveys. We're happy to report that in our latest team member survey, 84 percent of team members said Wells Fargo makes it easy for diverse team members to fit in and be accepted, up from 81 percent in 2004. In 2006 we mailed exit surveys to team members who left the company to find out why and what would have made them stay. We've had a 50-percent response rate, and we're using the results for new initiatives to increase the satisfaction and retention of all team members.

Diversity and Inclusiveness

We want to:

- Introduce a diversity progress report so that all business groups can more effectively track their progress in hiring and retention.
- Continue to learn more about the opinions of our diverse team members through research and develop initiatives to increase their satisfaction.
- Spend at least \$1 billion annually with diverse suppliers.
- Improve language/service capabilities and the quality of our store, phone, internet and ATM service channels.
- Continue to support community initiatives serving diverse communities, including sponsorships, grants and board participation.



Grace Guo, a credit reporting analyst with Wells Fargo Financial in Des Moines, joined several hundred team members during remarks **Dick Kovacevich**, Chairman and CEO, gave about diversity at Wells Fargo.

© 2006 *Craig Anderson*

Strengthening our Communities

“We’ll promote the economic advancement of everyone in our communities including those not yet able to be economically self-sufficient, who have yet to share fully in the prosperity of our extraordinary country... We expect our team members to be community leaders. They have the major voice in deciding how Wells Fargo responds to the unique needs of their own communities.” – Vision & Values



As an 11-year-old, Wells Fargo team member **Tim Rios** moved with his family to California from Guadalajara, Mexico. As a migrant, he worked the fields in the San Joaquin Valley alongside his parents for almost a decade. Today, he manages Wells Fargo’s community development efforts in California and along the border of Mexico and continues to volunteer his time to help migrant workers in the same fields he worked as a teenager.

“These migrant farm workers came to the U.S. for the American dream—just like my family—and many are intimidated by the U.S. banking system and don’t even have bank accounts,” said Tim. As a volunteer for Wells Fargo’s Farm Worker Outreach Program, which he created 13 years ago as a grassroots effort, Tim provides new immigrants with financial education and information about how to send money to relatives in other countries, and helps spread the word about why it’s important to establish credit or go to college. “Everyone should have a safe place to keep their money,” he said, “and I’m happy to do my small part for this community.”

Strengthening our Communities

Wells Fargo does business across North America, including hundreds of communities and thousands of neighborhoods where our team members, customers and suppliers live and work. We believe we're only as successful as our communities, so we're committed to providing the resources they need to prosper and grow. Team members from across the company work together to build relationships with the communities they serve. As a result, Wells Fargo is known as a partner for helping communities prosper economically, providing the tools and resources for financial success and supporting non-profit organizations.

Community Reinvestment Act

We have a history of consistently going beyond the requirements of the Community Reinvestment Act (CRA), a federal law supervised by the Office of the Comptroller of the Currency (OCC) requiring banks to serve the financial needs of all segments of the communities where they do business. Wells Fargo Bank, N.A. has a CRA examination every three years that includes an evaluation of our work in affordable housing, community development, neighborhood revitalization and community services. Since 1990, Wells Fargo Bank, N.A. has achieved an "Outstanding" rating—the highest regulatory rating possible—in its CRA examination. In the most recent exam in 2006, it also earned "Outstanding" ratings for each of the following three areas on which the OCC bases its evaluation: lending, services and investments.

Lending

Wells Fargo invested \$35 million to redevelop an underserved area in southeastern San Diego and promote the creation and growth of small businesses. Thanks to the line of credit from Wells Fargo, an abandoned plant site in a low-income area was turned into a mixed-use commercial, cultural and educational center. There hadn't been any new development in this area in more than 10 years, and no grocery store in more than 30 years. Market Creek Plaza is now a revitalized community with a Wells Fargo banking store and a grocery store, and the project created 360 construction jobs and as many as 1,800 total new jobs.

Services

Wells Fargo team member **Robert Espenson** serves on the Board and Loan Committee for Neighborhood Housing Services of

Duluth, Minn., an organization that works with residents, businesses, employers and non-profits to improve the economic quality of low-income neighborhoods. Robert uses his 16 years of experience with home loan processing and underwriting to support their efforts to help low-income residents qualify as new homebuyers.

Investments

Wells Fargo made a \$250,000 investment in Native American Connections Inc., a federally designated financial institution that is part of a coalition of five non-profits providing housing, education, health and other services for low- to moderate-income Native Americans throughout the state of Arizona. Wells Fargo's investment provided pre-development capital for the creation and rehabilitation of affordable housing. We also provided \$40,000 in grants to support the organization's operations.

Community Partnerships

Our investment in communities goes beyond what's required by our regulators because we understand the immense social and economic value that a strong and prosperous community creates. Each year we contribute millions of dollars and millions of volunteer hours to non-profits across the country through the Wells Fargo Foundation and the generosity of our team members. Even as our company expands to new markets, our philanthropic approach remains constant: local people making local decisions to produce the greatest benefit to the communities where we live and work.

In 2005 we said we wanted to explore new ways of measuring success in our community outreach efforts. We track our success through the recognition we receive (see page 8), the pace at which we increase our financial contributions and the number of organizations to which we contribute. In 2006 Wells Fargo contributed \$103 to 14,000 non-profits through the Wells Fargo Foundation. Over the last five years, our total non-profit contributions have increased by 55 percent and we've increased the number of non-profits we serve by 6,000.

We focus our giving on education, community development, human services, civic projects, arts and culture and environmental stewardship. The following are just a few examples of how we've contributed to the growth and success of the communities where we do business.

Strengthening our Communities

Arts and Culture

Minneapolis-based Artspace Projects was created more than 25 years ago to develop affordable living and working space for artists and art organizations. Thanks to the passion of Minneapolis team members, Wells Fargo was alerted to a \$31 million project under development in Santa Cruz, Calif. consisting of a 100-unit, multi-family facility for artists and seniors. Wells Fargo contributed \$10,000 to develop the space.

Community Development

Wells Fargo contributed \$10,000 to rehabilitate the homes—many without electricity, water, plumbing or phones—of 48 elderly and low-income residents of Navajo Mountain, Utah. Team members volunteered to weatherize homes and build porches, wheelchair ramps, steps and handrails, and complete drywall, painting, siding and tiling projects. One dedicated team member, **Kevin Gardiner** (below), received a four-week leave of absence through Wells Fargo’s Volunteer Leave Program to work on the houses (see page 30).

Civic

Team members in Boise, Idaho, provided free tax-preparation services to low- and moderate-income taxpayers in partnership with the Coalition for Economic Improvement and the Internal Revenue Service. Five volunteers participated in a 40-hour training session to help taxpayers take advantage of earned income tax credits, resulting in almost \$2 million in refunds that benefit the residents and local economy. Taxpayers also received money management tools and advice on how to avoid costly refund anticipation loans. In addition to in-kind donations,

Wells Fargo hosted a volunteer appreciation event for volunteers who helped process 1,800 tax returns in the greater Boise area.

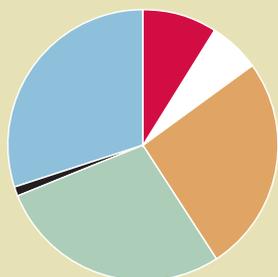
Education

Wells Fargo contributed \$10,000 to Construction Trade Unions in Seattle to support comprehensive financial education training for the painters’ and ironworkers’ unions, as well as concrete and brick masons. Wells Fargo team members delivered in-depth two-hour financial literacy seminars to union apprentices as part of their required education. The project is funded by the National Endowment for Financial Education and the Paul Allen Foundation and managed by Port Jobs, a non-profit organization that works to increase access to living-wage jobs. Wells Fargo’s donation also helped fund the publication of “Financial Tools for the Trades: A Survival Guide for Apprentices,” created in part by Wells Fargo and distributed to more than 5,000 apprentices.

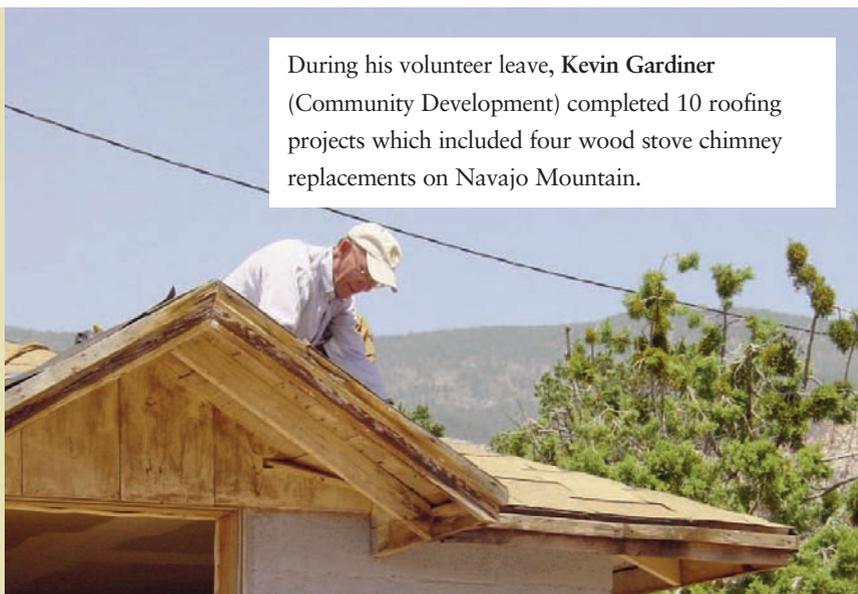
Environment

To mark Earth Day, Wells Fargo contributed \$75,000 to Earthwatch Institute, an international organization that promotes environmental sustainability through scientific research, to sponsor teachers doing environmental field studies. Projects range from studying jaguars and wolves in Brazil’s grasslands to monitoring coral reef health in Thailand. When they return from their expeditions, the teachers will apply their research to conservation projects in their local communities. Classrooms across the nation can follow the adventures of teachers in the field through live video conferencing, daily web updates, interviews with the scientists, photos, videos and audio clips.

Contributions by giving category



- Arts and Culture 9%
- Civic 6%
- Community development 26%
- Education 28%
- Environmental 1%
- Human services 30%



Strengthening our Communities

Human Services

During “Boston Cares Corporate Volunteer Day” seven Wells Fargo Regional Commercial Banking Office team members and their families organized food donations from local supermarkets to distribute to local pantries, soup kitchens, day-care centers, youth programs, senior centers, homeless shelters and residential shelters. Volunteers sorted through 28,294 pounds of food—about 523 pounds per volunteer—making 17,400 meals possible. Wells Fargo provided a \$2,500 sponsorship to Boston Cares to support their mission of transforming individuals and communities through service and civic engagement.

Rural Communities

The roots of most American rural communities are in agriculture, and Wells Fargo has served the agribusiness industry for more than a century. As the number one agricultural lender among U.S. banks, Wells Fargo has helped farmers build and expand their businesses more than any other lender. We work with family and corporation-owned farms, cattle and dairy farms, heavy equipment manufacturers, seed and fertilizer companies, food processors and retailers. We provide a wide variety of products and services—such as business loans, treasury management, private banking, brokerage, online banking and crop insurance—to help farmers protect everything they’ve worked so hard to accomplish.

Most importantly, we do everything we can to make sure our customers have a profitable business. We spend a lot of time getting to know our customers and their specific needs and challenges so we can help them through economic or climate cycles inherent in agribusiness.

For example, when South Dakota had its worst drought in 15 years, Brent Larson counted on Wells Fargo to help him make financial decisions—and ultimately protect his business. Brent farms 5,000 acres of wheat, corn and soybeans near Conde, S.D., and also raises feeder cattle.

“All I can control is how I plant my crops, but I need a lot of help from Mother Nature and my business partners,” said Brent. A customer for more than 24 years, Brent speaks almost weekly to his banking manager, **Rodney Kappes**, who helps his business stay profitable by providing him with an appropriate loan structure and helping him understand his financial statements

and risks. Wells Fargo also provides Brent with crop insurance to protect his investment in drought years. “Wells Fargo has really stuck by me through all the up and down cycles of farming. Rod and his team advise me on all my finances so I can focus on the business of farming,” he said.

Every year we support non-profit organizations and universities that strengthen the economies of rural communities and agriculture. In 2006 we contributed \$25,000 to the University of Arizona Glen G. Curtis Yuma Agriculture Research Center. It will perform state-of-the-art research for the citrus and vegetable crop industry to benefit Yuma-area growers and the local economy.

We want to:

- Continue to support a diverse group of non-profit organizations.



Seven team members from one of our Tucson, Ariz. banking stores collected and delivered nearly 200 blankets to help families in Nogales, Mexico stay warm for the winter. 2006 was the ninth year that team members held the blanket drive to help residents living in unsafely heated homes in Nogales.

Team Member Giving and Volunteerism

“Wherever you go across Wells Fargo territory, you’ll see our team members rolling up their sleeves—on community fundraising campaigns, non-profit boards and community events.” – Vision & Values



In 2006 Wells Fargo team members participated in more than 80 Relay for Life events, annual fundraising walks sponsored by the American Cancer Society (ACS), in towns and cities across the United States. Team members also participate in Making Strides for Breast Cancer fundraising walks and other ACS activities throughout the year. The Wells Fargo Foundation contributed \$800,000 to the ACS in 2006.

Team members show their Gold Status at the ACS Relay for Life in Eagle River, Alaska. (l to r): Tara Barndt, Irene Kemp, Tracy Ottinger, Angie Kaltschnee, Lynn Hutchins, Meri Stewart, Haley Hutchins and Peggy Hamner.

Team Member Giving and Volunteerism

There are many ways for a company like ours to give back to our customers and communities. Many of them don't directly contribute to the bottom line and you won't read about them in a financial report. Human capital is just as important as financial capital because it immerses us in our community and builds a sense of ownership that doesn't come from simply writing checks. Our team members share a passion for serving and supporting their communities and we have them to thank for making Wells Fargo a community leader in the places where they work and live. They teach, build, mentor, fundraise and serve on the boards of schools, non-profits and other community organizations.

We expect our team members to be leaders in their communities, and it starts at the top. Wells Fargo senior executives serve on at least 300 different non-profit boards, and team members company-wide serve on more than 3,000 boards. We recognize the dedication and time commitment of these team members so the Wells Fargo Foundation often bases funding decisions on the board participation of our team members. We give where they give.

We noted in our 2005 report that we want to find a way to more accurately measure the company's volunteer efforts and identify a system to calculate their monetary value. In 2006 we continued to expand the capabilities of *VolunteerWellsFargo!*, an Internet-based tool to organize and promote volunteer opportunities for our team members. Team members use the tool to find volunteer projects that match their interests and available time, build project teams, find board membership opportunities and record their volunteer hours. We encourage team members to record their hours through various incentive programs. For example, team members could randomly receive up to \$1,000 in grant funding for a non-profit of their choice by recording their hours. A total of \$25,000 will be awarded in 2007 to team members and their organizations through this program.

So far, more than 50,600 team members in 49 states, Washington D.C. and Guam have logged onto the *VolunteerWellsFargo!* website and recorded more than 730,000 hours of volunteer

service—a 64 percent increase over 2005. Independent Sector, a coalition of more than 550 philanthropic organizations, has determined that the average value of one volunteer hour in 2005 was \$18.04, based on the average wage of non-management, non-agricultural workers. By this measure, Wells Fargo has contributed \$13 million to our communities through the work of our team member volunteers.

Team members in California celebrate another great year as participants in the AIDS LifeCycle, a 585-mile fundraising bike ride from San Francisco to Los Angeles. The team of 20 raised more than \$50,000 in individual and group activities to benefit AIDS service agencies in California. Front row (l to r): Marivic Jimiera, Robert Manuel, Dany Samreth, Claire Eugenia Gerndt, Jr., Chuck Dorl and Mark Silva. Back row (l to r): Israel Rodriguez, Tim Schreck, Paul Rode, Kurt Keadle and Kirk Schumacher.



Team Member Giving and Volunteerism

In June 2006, we were recognized by the Points of Light Foundation for Excellence in Workplace Volunteer Programs thanks to tools like *VolunteerWellsFargo!*

In 2005 we said we wanted to increase recognition and support for our team member volunteers and we did through innovative volunteer programs like these.

Volunteer Service Award Program

Established 27 years ago, the Volunteer Service Program rewards team members who are making a difference in our communities by supporting their volunteer efforts with a financial contribution from Wells Fargo. Team members are nominated for a chance to win up to \$50,000 for the non-profit organization or K-12 school where they volunteer. A total of \$319,000 was awarded to 161 team members and their organizations in 2006.

A committee made up of team members at all levels of the organization chooses winners based on the nominees' personal dedication, effectiveness of their work and the overall impact on their community. This year's winners raised money for autism research, promoted economic stability for African American communities, served the educational and social development needs of visually impaired children of low- to moderate-income families and contributed to numerous other causes that create safe and healthy communities.

Volunteer Leave Award

The Volunteer Leave Program, established in 1976, awards team members up to four months off with full pay and benefits to work with a non-profit of their choice to help solve social problems of personal concern to them. Winners are chosen based on the team members' personal commitment and dedication to the organization and the potential benefit their project goals will have on solving a specific social problem.

In 2006 23 team members were awarded a total of 41 months in Volunteer Leave. They worked for organizations such as: Under One Roof, which raises funds for the fight against AIDS; and the Audubon Center of the North Woods, a residential environmental learning organization, wildlife rehabilitation facility and retreat center in Minnesota. We're one of the few companies in America that offers a sabbatical for community service—so team members can act on their passions for specific causes and return to work re-energized.

Community Support/United Way Campaign

Every year, team members can support any non-profit organization or school in their community, or the United Way Community Fund where they work or live. One hundred percent of team member donations reach the agency of their choice. When team members donate to an accredited non-profit educational institution or designated educational foundation, Wells Fargo automatically matches their donation, dollar-for-dollar, from \$25 up to \$6,500. Last year we said we wanted to raise the percentage of team members making their own gifts through the Community Support campaign. In 2006 Wells Fargo team members made a total of \$26 million in donations, a 15 percent increase from 2005.

We want to:

- Use *VolunteerWellsFargo!* to gain a more complete understanding of our team member non-profit board membership involvement and help more team members fill board positions in their communities.
- Encourage team members to log their volunteer hours and establish *VolunteerWellsFargo!* as the system of record for volunteer activities that receive favorable consideration under the Community Reinvestment Act.
- Increase the percentage of team members making their own gifts through the United Way Campaign.



Team member **Vanna Truong** (pictured above, bottom center) received a \$10,000 Volunteer Service Award for the Rohi Alternative Community Outreach (RACO) Midnight Basketball League which provides mentoring, education and life skills to low-income students in San Jose, Calif. Vanna participated in the program as a student and continued to volunteer with RACO for 10 years as a coach, mentor and board member.

Education

“All of us need to share our knowledge with our teams and learn from each other. We should take pride in teaching, learning and in sharing best practices. ... Customers will do business with those who share their personal values, who they connect with emotionally and who will help them prosper financially... Information is key to helping customers succeed financially.” – Vision & Values



Team members Azad Rad (Wealth Management Group) and Brett Ackerman (Regional Banking) teach basic money skills to students at Lord Baden Powell Elementary Schools in Anaheim, Calif., during Junior Achievement Day.

Education

We believe every child and adult in this country has the right to receive a quality education. To help make this a reality, we participate in a variety of programs to support our schools, teachers and students. We support educational organizations and schools through financial contributions and volunteerism, and we encourage the pursuit of higher education for our team members, our customers and their families through outreach efforts and scholarship programs.

In 2006 Wells Fargo contributed \$23 million to support 4,400 schools and educational programs across the country. In each community where we do business, we're reaching out to help teachers stock their classrooms, students fill their backpacks and schools get the extra funding they need to provide high-quality education.

Educational Matching Gift Program

Our team members make generous contributions of time and money every day to schools and educational programs in their communities, and we support their generosity by matching their financial contributions dollar-for-dollar. We match team member donations to accredited schools and eligible educational foundations with donations of between \$25 and \$6,500 per team member, per year. In 2006 Wells Fargo gave \$6.5 million in matched donations.

Scholarship Programs

We depend on our team members to contribute to the success of our company every day and, in turn, we want to contribute to the success of the people who depend on them. Wells Fargo offers college scholarships to the children of our full- and part-time team members through three programs. Recipients are selected independently by Scholarship America, a national non-profit educational support and student aid service, based on academic performance, community involvement, extracurricular activities and unique needs.

Wells Fargo Team Members' Dependent Children Scholarship Program

For 15 years, this program has provided \$1,000 scholarships, with the opportunity to renew for an additional year based on academic performance. More than \$3 million has been awarded in new and renewed scholarships to more than 1,600 students since 2000.

The Murray Family Scholarship

Kenneth R. Murray, a retired senior executive, and his wife, Sue, started this scholarship program six years ago. Children of team members are eligible for scholarships ranging from \$1,000 to \$3,000, renewable for up to two years based on academic performance. To date, nearly \$500,000 has been awarded to 128 students pursuing a college education.

Mary Jo and Dick Kovacevich Scholarship

This scholarship foundation was established in 2001 by Wells Fargo's chief executive officer, **Dick Kovacevich**, and his wife Mary Jo. More than \$1 million has been awarded to 360 children of team members to date.

Financial Education

Financial education continues to be a challenge in the United States. According to Jump\$tart Coalition's 2006 study of high school seniors, only 16 percent have taken a course in money management or personal finance.

Computers and a good education go hand-in-hand, but many students and schools simply can't afford the costly technology. We donate our old computers to schools and students as often as possible, rather than let computers sit in storage or go to landfills. As a result of a technology upgrade in 2006, we donated more than 1,000 computers and monitors to schools and students in Idaho, Colorado, Minnesota and Arizona. The donation supports our commitment to education and reduces the company's environmental impact.

Education

Wells Fargo has long been a leader in promoting financial education and distributing innovative tools for financial success because that's our business, our expertise. We're enthusiastic about helping our customers and communities learn about money management and find the tools and resources that will help them to be financially successful.

As discussed in our 2005 report, we continue to work with national and state government agencies to promote financial education standards across the nation. Wells Fargo recently supported a resolution to make April a federally recognized Financial Literacy Month to help increase financial literacy rates for individuals of all ages. Wells Fargo was one of five sponsors for national Financial Education Day on Capitol Hill in 2006.

Hands on Banking®/El futuro en tus manos®

For more than three years, Wells Fargo's financial education program *Hands on Banking* and its Spanish version, *El futuro en tus manos* has provided free, comprehensive money-management skills in classrooms, homes and banking stores. The *Hands on Banking* program is commercial-free and available through the Internet (www.handsonbanking.org), CD-ROMs and teaching guides.

As we said in our 2005 report, we've expanded the curriculum for young adults with a new module called *Studio ZSM* to help them develop wise spending habits so they can someday become financially independent. We've also continued to work with the many businesses and channels within Wells Fargo to distribute the *Hands on Banking* program to our communities and team members. For example, in 2006 our home mortgage group launched *Steps To SuccessSM*, a comprehensive program to educate homebuyers about managing money and credit. The program distributes *Hands on Banking* CDs to all participants in the *Steps To Success* program (see page 35).

Here are just a few ways this program has made its way across the country:

- The *Hands on Banking* program is endorsed as an approved financial education program by Jump\$tart Coalition and the Federal Citizen's Information Center (Department of U.S. General Service Administration).
- Utah and Texas now require financial education in their high schools. The *Hands on Banking* program has been designated by both departments of education as an approved program.
- The *Hands on Banking* program has been presented to, among others, the U.S. Treasury Department, the Future Farmers of America, National Association of Student Financial Aid Administrators and the Institute for Mexicans Abroad.
- Wells Fargo provides funding to state chapters of the National Council of Economic Education to train 4-12th grade teachers how to integrate the Wells Fargo's *Hands on Banking* curriculum into their daily lesson plans.
- The *Hands on Banking* program was accessed in more than 60 countries in 2006.

Hands on Banking®

2004-Present

Unique Website Visitors:	60,000
Teaching Guides Distributed:	1,000
CDs Distributed:	186,000
Total Team Members Trained to Teach Curriculum:	5,000

Online Tools for Money Management

Online banking at wellsfargo.com allows customers not only to check their account balance, but also to actually manage their money with two new tools—My Spending Report and My Savings PlanSM. My Spending Report helps customers track their spending in different categories such as utilities, telephone service and groceries. This free tool lets customers see how they spend their money so they can make smart decisions about budgeting and spending. My Savings Plan, introduced in November 2006, lets customers set up savings goals such as education, retirement or home purchase, assign that goal to a savings account and track their progress online.

Smart Money Management for College Students

High school and college are critical times in which good financial habits are formed, so we make a significant effort to reach out to this age group as they move toward financial independence. Through Wells Fargo Education Financial Services—our student loan division—we educate families about financing higher education through financial aid seminars and workshops at high schools and colleges. Our account executives develop relationships with schools, community groups and students across the country to provide financial advice on paying for college, learning how to budget and managing credit.

In 2006 we brought the *Fun of Money*SM Tour to college campuses in 20 states. The five-month tour brings money management and banking skills training to college students in a fun and interactive environment, including financial trivia, karaoke and DJs, *Hands on Banking* lessons, contests and a *Stagecoach Island*SM game center. The *Stagecoach Island* game (www.stagecoachisland.com) is a free, online role-playing game that features a virtual world where young adults learn about money management while interacting with each other via online chat and participating in virtual activities such as skydiving, dancing and shopping.

We want to:

- Further improve the interactivity and educational components of the *Stagecoach Island* game based on feedback from educators and users.
- Continue to work with business groups across the company to integrate the *Hands on Banking* program and curriculum into their distribution channels for team members and customers.



A *Stagecoach Island* player accesses the Wells Fargo Learning Lounge through an ATM. Players answer financial education questions about money and banking in order to earn virtual money, which they can use to participate in activities on the Island.

Wells Fargo Financial has done business in Canada for only about a decade, but the Wells Fargo stagecoach is nothing new in Canada. It's been in storybooks since the 1960s through the adventures of Lucky Luke, a popular cartoon character in Canada and Europe. In the story "La Diligence," which translates to "The Stagecoach," Lucky Luke is hired by Wells Fargo to escort and protect the stagecoach's reputation for safety, its passengers and the gold it's carrying on its journey from Denver to San Francisco. Wells Fargo contributed \$15,000 to the Literacy Foundation of Quebec, which promotes literacy skills throughout Quebec, and donated 100 copies of "La Diligence" to the Foundation.

Responsible Lending

“Responsible lending is the perfect example of how we do what’s right for customers. We want to build long-term relationships with them including those whose credit history may not qualify them for traditional prime rate real estate loans.” – Vision & Values

Responsible lending permeates our business. It starts with working every day to help satisfy our customers’ individual needs. It means treating our customers with respect and striving always to act with integrity, honesty, openness and fairness. We want to be known as the gold standard for responsible lending in all of financial services.

Home Lending

One of the most important ways we live our commitment to responsible lending is through home loans—including mortgages to purchase or refinance a home and home equity accounts to do everything from home improvements to consolidating higher-interest bills. We want to follow not just the letter but the spirit of all laws and regulations that define fair lending and prohibit unlawful discrimination concerning our product offerings, underwriting, disclosures and loan servicing. In underwriting, we follow this principle: we will not make a loan unless we believe the borrower can repay it. And, as part of our responsible lending commitment, we go beyond the law and regulation. For example, we do not make or service loans where the initial minimum payments do not cover the interest, commonly known as option ARMs or negative amortization products.

Once we help customers get into a home, we work hard to keep them there. We encourage customers facing difficulties that may prevent them from making their mortgage payments to get in touch with us early. We work with them every step of the way to prevent foreclosures. In recognition of our efforts, we have received awards and ratings for servicing excellence regularly from Freddie Mac, Fannie Mae, the FHA and others. We also support local and national foreclosure prevention initiatives, such as the partnership between NeighborWorks, the Homeownership Preservation Foundation and the Housing Policy Council of the Financial Services Roundtable.

In 2006 we launched our new *Steps To Success*SM, an industry-leading free program to help nonprime mortgage borrowers manage and strengthen their credit through financial education, easy-to-read credit reports, advice from credit education specialists and access to automatic mortgage payment options. Customers who receive our nonprime mortgage loans are automatically enrolled and can receive each of the benefits by calling a toll-free number.

Loans and Credit

Our responsible lending practices go well beyond home lending. Every day across many divisions of Wells Fargo, we strive to make responsible lending decisions and provide tools, tips and training that are beneficial to our customers—because if they achieve financial success by using our products, then so do we. For example:

- Wells Fargo Bank customers can track and manage their spending with our free online money-management tool, My Spending Report. This tool automatically collects and summarizes the customer’s Wells Fargo accounts, including Wells Fargo Bank Credit Cards, Check Cards, hand written checks and ATM cards, in one powerful report. Cardholders can quickly review purchases and their month-to-month spending for easier money management.
- Our Personal Credit Management division and Wells Fargo Financial, our national consumer finance company, helps customers pay off their bills by offering them personal loans to consolidate other debts and make monthly payments on a specific period.
- We teach college students to manage credit responsibly through online seminars (wellsfargo.com, keyword: credit card education), tips in monthly statements and a quarterly newsletter.

Responsible Lending

- We help one million students and families pay for college with Wells Fargo's Education Financial Services, through which we fund higher-education loans and build affordable repayment programs with incentives for borrowers that make regular, on-time payments. First, however, we encourage them to seek scholarships and grants and apply for less expensive federal student loans before turning to private lending.
- Every day, our business bankers are helping small business owners find loans structured to fit their cash flow (see page 39).

We want to:

- Enroll at least 40,000 customers in our *Steps To Success* program in 2007.
- Increase the number of customers using My Spending Report by at least 10 percent above the one million customers using the program each month in the final quarter of 2006.

Our Responsible Lending Principles

To help those who do not qualify for traditional prime rate mortgages, we have adopted guiding principles for U.S. nonprime real estate loans in the following areas. Our goal is not only to get qualified customers into homes, but to keep them there. We are proud of our track record of making good, solid home loans to qualified borrowers.

Appropriate loan pricing: Pricing on all loans is fully disclosed, competitive and reflects the customer's financial picture and credit history, the characteristics of the transaction and the property involved. We offer prime pricing options to all customers who qualify based on their credit worthiness and the terms of their loan transaction.

Caps on total of origination and lender fees: We cap our origination and lender fees. We review the caps to maintain loan pricing that is competitive and appropriate based on the marketplace and the consumer's financial picture and credit history. We cap the total of origination and lender fees at \$1,500 on loans originated through our nonprime retail channel. These fees do not include fees charged by third parties. We give customers the choice to "buy down" the interest rate by paying discount points.

Informed choices: We give consumers the information they need to make fully-informed decisions about the terms of our loans. Consumers receive disclosures that exceed legal and regulatory requirements about loan options, costs and prepayment fee agreements.

Prepayment fees: Our prepayment fee periods are limited to the lesser of three years or the fixed term of an adjustable rate loan. We cap our prepayment fee amounts at 3 percent of the loan amount in year one of the loan, 2 percent in year two, and 1 percent in year three. We advise customers who apply for loans with prepayment fees of the availability of loans without prepayment fees and the associated effect on the interest rate. After 12 months from closing, we will waive our prepayment fees if we refinance a loan through our retail channels.

Benefit for the consumer: We will make a loan only if it offers a demonstrable benefit to the consumer, such as reducing the monthly payment on debt, obtaining significant new money or purchasing a home.

Ability to repay: We approve applications for loans only after we determine the borrower has the ability to repay the loan.

Preserving homeownership: We are proud of our excellent track record of helping our borrowers stay in their homes even when financial difficulties arise. We work diligently using our workout and repayment plans to help bring accounts current and reduce losses.

Customer service: We take all customer complaints very seriously. We have longstanding policies and processes for providing customers with timely responses. We carefully and promptly research complaints and if we have erred, we do what is right for the customer.

Terms and features: We offer products with a wide range of terms and features that are appropriate to the customer's circumstances. However, we do not make nonprime U.S. real estate loans with negative amortization or call options. We also do not make loans requiring interest rate increases if payments are missed, containing payment schedules that require two payments at closing or including single premium credit insurance.

Housing and Home Ownership

“We focus not on products but on customer needs. For example, our job is not to sell mortgages. It’s to help our customers buy homes.” – Vision & Values

A home can be the biggest and most important purchase an individual or family makes. It can lead to greater financial and personal stability, and contribute to the strength of communities across the nation.

Our mortgage business exists to promote homeownership. A big part of that is reaching out every day to those who traditionally have been less likely to own a home: low- and moderate-income consumers and people of color. We do that through special loan products and initiatives that promote homeownership. Philanthropy and team member volunteer efforts play important roles too.

Our new Home OpportunitiesSM program helps consumers who may be new to home buying overcome barriers by allowing them to purchase homes with little or no money down, and to qualify using non-traditional credit references, such as rent or utility payments. Our Wells Fargo Community Development Mortgage Program is available in our community banking states to families and individuals with incomes 80 percent or less of their area’s median income. It features lower down payments, less stringent credit requirements, flexible employment history requirements and more affordable loan payments than standard mortgages. Participants must attend a homebuyer education program and live in the home they buy.

Last year 133 Affordable Home ToursSM took place in communities across the country. The tour teams our home mortgage consultants with community groups and real estate professionals to showcase homes listed below the median sales price for the area (often before the official open house date).

Initiatives and products such as these helped make us the nation’s number one mortgage originator to low- and moderate-income and ethnically diverse homebuyers from 2001 to 2005.

The Power of Philanthropy: 2,000 Homes and Counting

Since 1993, the Wells Fargo Housing Foundation, funded by Wells Fargo Home Mortgage and a program of Wells Fargo Foundation, has supported construction of affordable homes, homebuyer education and counseling, down-payment and closing-cost assistance and home repairs. We team with hundreds of local housing non-profits such as Habitat for Humanity, Rebuilding Together and NeighborWorks to meet homeownership needs for low- to moderate-income families.

In 2005 we said we wanted to increase the percentage of team members volunteering for house builds and renovations. Through the use of *VolunteerWellsFargo!*, an internet tool, we give team members access to endless volunteer opportunities. As the number of opportunities for house builds and renovations grows, so do the volunteers.

In 2006 Wells Fargo reached an important milestone: we began building our 2,000th Habitat for Humanity home. The home, in Chester, Pa., is the result of thousands of hours of hard work by more than 800 team members, many from Wells Fargo’s Auto Finance group who live and work in the region. Through Wells Fargo’s 13-year partnership with Habitat for Humanity, Wells Fargo has provided 3.5 million volunteer hours and \$40 million in loans and grants to build and renovate homes across the country.

Focus Communities – Focused on What Matters

The Wells Fargo Housing Foundation developed the Focus Communities initiative in 1999 to help non-profits develop a broader base of non-government support income for low- to moderate-income families in some of Wells Fargo’s neediest communities.

Housing and Home Ownership

Wells Fargo selects six Focus Communities every year, for a total contribution of up to \$600,000 annually. Wells Fargo team members work closely with government officials, community leaders and the business community to help implement the initiative. Each Focus Community gets a \$100,000 matching grant that goes to a local housing organization or affordable housing developer. Wells Fargo matches every dollar that the non-profit can raise in six months, up to \$100,000. This pays for construction or rehabilitation costs, and provides down-payment and closing-cost assistance. The 2006 Focus Communities Initiative communities are: Albuquerque, N.M.; Compton, Calif.; Dallas; Milwaukee; Oakland, Calif.; and Sioux Falls, S.D.

In Dallas, Wells Fargo chose the Katrina Homeownership Opportunity Program, created by the North Texas Housing Coalition and the U.S. Department of Housing and Urban Development, as the non-profit recipient of a \$100,000 matching grant. The program helps Hurricane Katrina evacuees with the purchase of Federal Housing Administration foreclosed homes, while reducing vacant housing stock in maturing neighborhoods, in the Dallas/Fort Worth area.

Families that relocated to the Dallas area as a result of Hurricane Katrina will receive \$2,500 to \$5,000 in down-payment and closing-cost assistance towards the purchase of a new home.

We want to:

- Provide non-profits with the resources they need most to help low- to moderate-income families realize the dream of homeownership.
- Increase home lending originations to people of color.
- Continue building relationships with housing non-profits.

Habitat for Humanity Support

	Grants, Loans	Homes Built, Renovated
1993-2002	\$24.9 million	1,516
2003-2006	\$15.5 million	964
	\$40.4 million	2,480



Team member Gerry Stenson (Wholesale Banking) partners with community leaders and Habitat for Humanity to build affordable housing units in Minneapolis' Ripley Gardens neighborhood. l to r: Alan Arthur, Susan Roeder, Gerry Stenson, Don Samuels, Jody Hanus, Eric Scholtz and Negasy Abraha.

Small Businesses

“We organize our company around customers. We have three major customer segments: individuals, small business, large business... We expect all Wells Fargo businesses to collaborate, to be partners — referring all their customers to all our other businesses.” – Vision & Values

According to U.S. Census data, African Americans own 29 percent of all minority-owned businesses in the United States. Each year Wells Fargo honors extraordinary achievements of African American business owners with the *Turning Point* Living History Maker Entrepreneur Award. In 2006 Wells Fargo presented its fourth annual award to Michael Johnson, founder and owner of Em Johnson Interest Inc. in San Francisco. His company manages urban development projects, including concept planning, design, construction and financing. Johnson received the recognition and \$5,000 at *Turning Point's* 9th annual African American Business Summit.



Small Businesses

Small businesses—now surpassing 25 million nationwide and accounting for 99.7 percent of U.S. employees—are critical to the strength and success of the U.S. economy. Wells Fargo is committed to helping small businesses start, grow and succeed. We work to understand the needs of small business owners and provide the necessary tools and services to support their continued financial success.

Today Wells Fargo is America's number one lender to small businesses in loans less than \$100,000, according to 2005 Community Reinvestment Act (CRA) data. In 2005 we increased our year-over-year small business lending by more than 30 percent, extending \$18 billion to small business owners nationwide in loans less than \$100,000—15 percent of the industry total. We are ranked the number one lender to small businesses in low- to moderate-income neighborhoods and the number two SBA lender nationwide.

Services for Women and Diverse Business Owners

In 1995 Wells Fargo became the first financial services provider in the country to establish a national outreach and education program to help women small business owners access credit and other financial services products to manage and grow their business. Following the success of that program, Wells Fargo established similar outreach and education programs for African American, Asian American and Latino small business owners. We established public lending goals for each program based on market size and growth rate, and have loaned more than \$30 billion to women and diverse business owners nationwide since 1995.

We help increase entrepreneurs' access to capital and financial services by providing financial guides, workshops, seminars, trade shows and research. We work with local community organizations to make our programs and offerings available to small business owners. Our education and outreach programs help women and diverse business owners succeed financially, helping them grow their business and plan for retirement.

Wells Fargo Diverse Lending

Program	Started	Loaned
Wells Fargo Women's Business Services Current goal: \$20 billion over 10 years	09/20/95	\$28 billion
Wells Fargo Latino Business Services Current goal: \$5 billion over 13 years	10/02/97	\$3.9 billion
Wells Fargo African American Business Services Current goal: \$1 billion over 12 years	06/19/98	\$826.5 million
Wells Fargo Asian Business Services Current goal: \$3 billion over 10 years	02/20/02	\$2.1 billion

We want to:

- Lend \$20 billion to women business owners over 10 years.
- Lend \$5 billion to Latino business owners over 13 years.
- Lend \$1 billion to African American business owners over 12 years.
- Lend \$3 billion to Asian American business owners over 10 years.

Environmental Stewardship

“We want to be environmentally responsible stewards—always learning—in every community in which we do business—promoting economic prosperity and a clean environment.”
– Vision & Values



Environmental Stewardship

We've made tremendous progress this year in our commitment to integrate environmental responsibility throughout Wells Fargo. In our operations, in our commercial practices and in our community involvement, we're showing that environmental stewardship is good for business and the right thing for our team members, communities and customers.

Our Operations

We are purchasing 550 million kilowatt hours of renewable energy certificates (REC) each year for three years, making us the largest corporate purchaser of renewable energy in the U.S. in 2006 according to the U.S. EPA Green Power Partnership program. The purchase offsets 42 percent of our electricity consumption with 100 percent Green-e®-certified wind energy. Our purchase develops new renewable-energy sources and prevents the emission of 380,000 tons of carbon dioxide (CO₂) each year, equal to reducing the CO₂ emissions of 75,000 cars annually. We also made RECs available to our team members at a discounted rate.

To better understand the effect on the environment from our own operations, we collect data on energy and greenhouse-gas emissions from all the facilities we own and where we oversee the consumption of energy, those facilities we lease.

Energy Efficiency

Our primary focus in managing our facilities is to implement energy savings measures and reduce our energy consumption. Here are some of our successes in 2006:

- Replaced cooling equipment at Wells Fargo Plaza in Phoenix with high-efficiency equipment, reducing the building's energy consumption by nearly 30 percent.
- Achieved ENERGY STAR rating at five Wells Fargo administrative buildings in California and one in Minnesota. ENERGY STAR buildings are among the top 10 percent of all energy-efficient buildings in the country.
- In California, Wells Fargo was again recognized by the Flex Your Power! Campaign for its 20 percent reduction in energy use at its administrative buildings.

Paper Recycling

Our company-wide information security program requires documents containing confidential information to be disposed of in secured shred bins provided by approved vendors. All of that paper is recycled. We extended these efforts in 2006 by hosting Shred Day events at our retail banking stores to make it easier for

our customers and community members to safely dispose of their personal and confidential documents.

E-Waste Recycling

We recycle computers through vendors who scrub discs clean of all information, refurbish them for resale, use them for parts, or break them down into smaller pieces that can be recycled and used to make other things. We also donate unwanted or outdated computers to schools and non-profits. In 2006 we donated 300 computers to Phoenix Elementary School for its computer labs and electronic-journalism program.

Wells Fargo: USA's #1 renewable energy buyer*

Rank	EPA's Top 25 Partners List (1/07)	Green Power Usage (kWh, millions)	% of Total Electricity
1	Wells Fargo	550	42%
2	Whole Foods	463.1	100%
3	U.S. Air Force	457.5	4%
4	U.S. EPA	329.9	100%
5	Johnson & Johnson	306.4	30%
6	Starbucks	185	25%
7	DuPont	180	4%
8	U.S. Dept. of Energy	165.1	3%
9	Vail Resorts	152	100%
10	HSBC North America	124.6	35%

*US Environmental Protection Agency

Envelope-Free ATMs

In 2006 we converted 400 ATMs in Contra Costa, Alameda and Santa Clara counties to *Envelope-Free WebATM*® machines and we're adding 800 more in California during 2007. We expect that someday all of Wells Fargo's ATMs will accept deposits without an envelope, which will help reduce waste, save more than a thousand trees per year and reduce air pollutants by more than a quarter million tons of CO₂ equivalents.

Environmental Stewardship

Online Banking

According to Javelin Strategy & Research, if all U.S. households paid their bills online, it would reduce air pollutants by 2.2 billion tons of CO₂ equivalents, the same as removing 390,326 cars from the roads. We help our customers reduce environmental impacts by encouraging them to use our online banking services. In 2006

we supported 8.5 million active online consumer customers, up 18 percent from last year, and 4.8 million online bill pay and presentment customers, up 43 percent from a year ago. Two point six million customers receive their banking statement online, eliminating paper, envelopes and mailing.

Wells Fargo 2005 Greenhouse Gas Emissions and Energy Efficiency Data

We use the EPA's Climate Leaders program and the World Resources Institute/World Business Council for Sustainable Development GHG Protocol Initiative to guide how we collect and report this data. These figures do not include our 2006 RECs purchase.

	Fuel/Electricity Consumption		GHG Emissions in CO ₂ equivalents <i>(includes CO₂, CH₄ & N₂O emissions)</i>	
	Absolute Consumption	Intensity Consumption	Absolute Emissions	Intensity Emissions
Direct Emission Sources				
Stationary combustion – natural gas	7.4 million therms	.2 therms/sq. ft.	43,238 US tons CO ₂ e	2.4 lbs CO ₂ e/sq. ft.
Stationary combustion – fuel oil	.151 million therms	<.1 therms/sq. ft.	1,214 US tons CO ₂ e	1.1 oz. CO ₂ e/sq. ft.
Total Direct Emissions			44,452 US tons CO₂e	2.5 lbs CO₂e/sq. ft.
Indirect Emission Sources				
Consumption of purchased electricity	820.4 million kWh	23.1 kWh/sq. ft.	563,508 US tons CO ₂ e	31.7 lbs CO ₂ e/sq. ft.
Total Indirect Emissions			563,508 US tons CO₂e	31.7 lbs CO₂e/sq. ft.
Total Direct & Indirect Emissions			607,959 US tons CO₂e	34.2 lbs CO₂e/sq. ft.

Environmental Stewardship

Our Commercial Practices

We and all our stakeholders want to protect the environment. That's why we're investing in, financing and purchasing renewable-energy resources and taking other important steps to support environmentally responsible businesses. Here are a few examples:

Clean Energy: \$84 million in renewable energy projects

We invested in the Forest Creek Wind Farm and Camp Springs Wind Energy projects in 2006. Combined, these two Texas-based wind farms will produce enough power annually to provide electricity for 75,000 homes and will eliminate about 550,000 tons a year in greenhouse-gas emissions, compared to equivalent fossil-fuel generation. We also invested in the Carlyle/Riverstone Renewable Energy Infrastructure Fund I.L.P. The Fund will invest in renewable energy projects, including wind, solar, geothermal, biomass and biofuels (ethanol and biodiesel).

Commercial Real Estate: \$750 million in financing for green buildings

We recently financed our 13th building to undergo the Leadership in Energy Efficiency and Design (LEED) certification program. LEED is a voluntary, green-building international standard developed by the U.S. Green Building Council for constructing high-performance, energy-efficient buildings. Many of these buildings were financed after our environmental commitment was announced in July 2005, reflecting both an increase in demand for LEED buildings and our concerted effort to fund green-building projects.

Community Development Corporation: \$16 million investment in eco-friendly projects

We invest in low- to moderate-income communities through our Green EQ2*, a product that helps address environmental issues in underserved communities. This year's investments supported projects such as:

- Avenue Community Development Corporation in Houston for the construction of affordable and environmentally friendly single-family homes.
- Neighborhood Housing Services of Austin for the development of affordable, energy-efficient, and environmentally sound homes.

*Community Development Corporation's Green Equity Equivalent Investments

- Rural Community Assistance Corporation (RCAC) based in Sacramento with operations in 12 western states. The investment supported RCAC's environmentally-focused revolving loan fund, which provides financing for housing, environmental infrastructure, and community facilities that are environmentally friendly.

Public Finance: More than \$45 million in financing for public projects and infrastructure improvements

We support:

- Alternative transportation: city buses and light rail systems.
- Clean water: water treatment facilities and improvements to sewer systems and storm drains.
- Energy conservation: upgrades to lighting and heating, ventilation and air conditioning systems and support for energy management systems for schools and cities.

Environmental Risk Management and Credit

We require our customers to comply with all environmental laws and regulations. Beyond that, we seek to better understand our customers' environmental practices, train our team members about environmental risks and support industry standards.

- In 2006 we strengthened our due diligence in the agricultural, coal and metals mining sectors. This enables us to further understand credit risks and use our relationships to reduce those risks and provide financial solutions to our customers. As the nation's number one agricultural lender, we are looking for ways to help our customers turn their bio-waste into energy. We are developing similar tools for other industry sectors.
- Our Environmental Affairs team participates in our Credit Management Trainee Program. Doing so ensures that team members who make credit decisions factor emerging environmental issues and regulations into their decision making.
- Wells Fargo endorses the Equator Principles², a voluntary set of standards for managing social and environmental risks in project finance.

Environmental Stewardship

Our Community Involvement

In 2006 we made donations to 150 environmental organizations nationwide, up 50 percent from the previous year.

Earthwatch Institute

We contributed \$75,000 to the Earthwatch Institute, an international non-profit engaged in scientific field research and education to a sustainable environment. Our contributions enabled 10 teachers across the country to learn firsthand about conservation issues in a natural setting and they shared their experience with their students and communities (see page 26).

Center for Sustainable Communities

To help raise awareness about green building practices, we sponsored the development of the Center on Sustainable Communities website (www.icosc.com), a resource for learning more about building or upgrading homes or businesses in an environmentally friendly way. This non-profit promotes residential green building in Iowa to encourage homeowners and building professionals to embrace conscientious building practices.

Team Member Participation

In 2006 our team members organized several Green Teams to help Wells Fargo integrate environmental responsibility into its business practices at a local level. Our Internet Services Green Team organized beach cleanups and reduced the number of disposable cups used across the group by about 60 percent. Local efforts are critical to our goal of integrating environmental stewardship into our culture and our behaviors, and we want to do more of this across the company.

Team members across the company contributed 12,500 volunteer hours to support environmental causes such as beach cleanups and habitat restoration projects. Team members in San Francisco were trained by GRID Alternatives to install solar panels on affordable homes. **John Hickman** of Bloomington, Minn., earned a Volunteer Leave Award (see page 30) and contributed two months to the Audubon Center of the North Woods. He helped develop an environmental education curriculum plan for charter schools.

We want to:

- Develop innovative services, products and offerings to make it easier for our customers to make environmentally friendly decisions.

- Develop a comprehensive environmental management system to help further our understanding of our environmental impacts and conserve resources in a systematic and measurable way.
 - Increase financial support for environmentally friendly business opportunities including alternative energy projects and the development of green buildings and homes.
 - Increase awareness about environmental responsibility among our team members, our customers and communities.
-



The Wells Fargo store on Haight Street is the first and only bank in San Francisco to meet The San Francisco Green Business Program standards to become a certified Green Business. “We have made a commitment to our team members and our customers to work to protect the environmental health of our community by adopting green business practices,” said Joanne Schultz, San Francisco Downtown Regional President (pictured above right) with Pia Alfonso, Haight Street banking store manager.

We formed an external Environmental Affairs Advisory Board to help us anticipate environmental opportunities in our communities. The board includes environmental experts from across the country, representing diverse perspectives and expertise.



Suzanne Apple
Vice President
World Wildlife Fund
Washington, D.C.



Forescee Hogan-Rowles
President, CEO
Community Financial
Resource Center
Los Angeles, California



David Hudnall
Resources Environmental
Manager – USA, Canada & Chile
Louisiana Pacific Corporation
Nashville, Tennessee



Dr. Charles Kennel
Director, Vice Chancellor & Dean
Scripps Institution of
Oceanography
University of California,
San Diego



Randall R. LaBauve
Vice President
Florida Power &
Light Company
Juno Beach, Florida



Jean Pogge
Executive Vice President
ShoreBank
Chicago, Illinois



Bettina von Hagen
Vice President
Ecotrust
Portland, Oregon



Stuart Patrick Woolf
President, CEO
Woolf Enterprises
Huron, California



Wells Fargo & Company
420 Montgomery St.
San Francisco, CA 94104

1-866-878-5865
www.wellsfargo.com

For more information about our corporate citizenship efforts and to download this report, please visit: www.wellsfargo.com/about/csr