ABM INDUSTRIES INC /DE/
Form 8-K
March 08, 2017

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 8-K

CURRENT REPORT
PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934

Date of Report (Date of earliest event reported): March 8, 2017

ABM Industries Incorporated
(Exact name of registrant as specified in its charter)

Delaware	**1-8929**	**94-1369354**
(State or other jurisdiction	(Commission File	(IRS Employer

of incorporation)	Number)	Identification No.)

One Liberty Plaza, 7th Floor
New York, New York **10006**
(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code **(212) 297-0200**

N/A
(Former name or former address if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

¨ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

¨ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

¨ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

¨ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 5.07. Submission of Matters to a Vote of Security Holders

(a) The Annual Meeting of Shareholders of ABM Industries Incorporated was held on March 8, 2017.

(b) The following directors were elected by a vote of shareholders, each to serve for a term ending at the annual meeting of shareholders in the year 2020: Anthony G. Fernandes, Thomas M. Gartland and Winifred Markus Webb.

The following directors remained in office: Linda Chavez, J. Philip Ferguson, Art A. Garcia, Sudhakar Kesavan, Lauralee E. Martin, Filippo Passerini, and Scott Salmirs.

The following matters were voted upon at the meeting:

(1) Proposal 1 - Election of Directors

Nominees	For	Against	Abstain	Broker Non-Votes
Anthony G. Fernandes	46,146,411	1,253,342	32,011	4,284,591
Thomas M. Gartland	47,316,613	62,193	52,958	4,284,591
Winifred Markus Webb	46,819,271	591,069	21,424	4,284,591

(2) Proposal 2 – Advisory Vote to Approve Executive Compensation

For	Against	Abstain	Broker Non-Votes
44,536,412	2,829,931	65,421	4,284,591

(3) Proposal 3 – Advisory Vote on Frequency of Advisory Vote to Approve Executive Compensation

1 Year	2 Years	3 Years	Abstain	Broker Non-Votes
36,959,441	300,758	10,101,979	69,586	4,284,591

(4) Proposal 4 – Ratification of the Selection of KPMG LLP as Independent Registered Public Accounting Firm

For	Against	Abstain
50,063,104	1,612,898	40,353

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

ABM INDUSTRIES INCORPORATED

Dated: March 8, 2017 By: /s/ Barbara L. Smithers
Barbara L. Smithers
Vice President, Deputy General Counsel and Assistant Secretary

	62		62
Total purchase price	**23,092**		23,092
Allocation of the purchase price:			
Wachovia tangible stockholders equity, less prior purchase accounting adjustments and other basis adjustments eliminated in purchase accounting	**19,390**	(4)	19,394
Adjustments to reflect assets acquired and liabilities assumed at fair value:			
Loans and leases, net	**(17,921)**	(1,524)	(16,397)
Premises and equipment, net	**(695)**	(239)	(456)
Intangible assets	**14,582**	(158)	14,740
Other assets	**(3,211)**	233	(3,444)
Deposits	**(4,568)**	(134)	(4,434)
Accrued expenses and other liabilities (exit, termination and other liabilities)	**(2,586)**	(987)	(1,599)
Long-term debt	**(227)**	(37)	(190)
Deferred taxes	**8,171**	1,495	6,676
Fair value of net assets acquired	**12,935**	(1,355)	14,290

Goodwill resulting from the merger	**$10,157**	1,355	8,802

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The increase in goodwill includes the recognition of additional types of costs associated with involuntary employee termination, contract terminations and closing duplicate facilities and have been allocated to the purchase price. These costs will be recorded throughout 2009 as part of the further integration of Wachovia s employees, locations and operations with Wells Fargo as management finalizes integration plans. The following table summarizes exit reserves associated with the Wachovia acquisition:

(in millions)	Employee termination	Contract termination	Facilities related	Total
Balance, December 31, 2008	$ 57	13	129	199
Purchase accounting adjustments (1)	327	20	13	360
Cash payments / utilization	(220)		(102)	(322)
Balance, September 30, 2009	$ 164	33	40	237

(1) Certain purchase accounting adjustments have been refined during 2009 as additional information became available.

3. FEDERAL FUNDS SOLD, SECURITIES PURCHASED UNDER RESALE AGREEMENTS AND OTHER SHORT-TERM INVESTMENTS

The following table provides the detail of federal funds sold, securities purchased under resale agreements and other short-term investments.

(in millions)	**Sept. 30, 2009**	Dec. 31, 2008
Federal funds sold and securities purchased under resale agreements	**$ 9,432**	8,439
Interest-earning deposits	**6,879**	39,890
Other short-term investments	**1,180**	1,104
Total	**$ 17,491**	49,433

For resale agreements, which represent collateralized financing transactions, we hold collateral in the form of securities that we have the right to sell or repledge of $1.3 billion at September 30, 2009, and $1.6 billion at December 31, 2008. These amounts include securities we have sold or repledged to others with a fair value of $483 million and $343 million, as of the same dates, respectively.

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4. SECURITIES AVAILABLE FOR SALE

The following table provides the cost and fair value for the major categories of securities available for sale. The net unrealized gains (losses) are reported on an after-tax basis as a component of cumulative OCI. There were no securities classified as held to maturity as of the periods presented.

(in millions)	Cost	Gross unrealized gains	Gross unrealized losses	Fair value
December 31, 2008				
Securities of U.S. Treasury and federal agencies	$ 3,187	62		3,249
Securities of U.S. states and political subdivisions	14,062	116	(1,520)	12,658
Mortgage-backed securities:				
Federal agencies	64,726	1,711	(3)	66,434
Residential	29,536	11	(4,717)	24,830
Commercial	12,305	51	(3,878)	8,478
Total mortgage-backed securities	106,567	1,773	(8,598)	99,742
Corporate debt securities	7,382	81	(539)	6,924
Collateralized debt obligations	2,634	21	(570)	2,085
Other (1) (2)	21,363	14	(602)	20,775
Total debt securities	155,195	2,067	(11,829)	145,433
Marketable equity securities:				
Perpetual preferred securities	5,040	13	(327)	4,726
Other marketable equity securities	1,256	181	(27)	1,410
Total marketable equity securities	6,296	194	(354)	6,136
Total	$ 161,491	2,261	(12,183)	151,569
September 30, 2009				
Securities of U.S. Treasury and federal agencies	**$ 2,446**	**57**	**(7)**	**2,496**
Securities of U.S. states and political subdivisions	**13,202**	**839**	**(411)**	**13,630**
Mortgage-backed securities:				
Federal agencies	**83,888**	**3,615**		**87,503**
Residential (2)	**32,958**	**2,881**	**(1,747)**	**34,092**
Commercial	**12,433**	**665**	**(1,834)**	**11,264**
Total mortgage-backed securities	**129,279**	**7,161**	**(3,581)**	**132,859**
Corporate debt securities	**8,400**	**932**	**(130)**	**9,202**

Collateralized debt obligations	**3,194**	**451**	**(382)**	**3,263**
Other (1)	**15,551**	**1,122**	**(214)**	**16,459**
Total debt securities	**172,072**	**10,562**	**(4,725)**	**177,909**
Marketable equity securities:				
Perpetual preferred securities	**3,918**	**315**	**(160)**	**4,073**
Other marketable equity securities	**1,181**	**665**	**(14)**	**1,832**
Total marketable equity securities	**5,099**	**980**	**(174)**	**5,905**
Total	**$ 177,171**	**11,542**	**(4,899)**	**183,814**

(1) Included in the Other category are asset-backed securities collateralized by auto leases with a cost basis and fair value of $8.6 billion and $9.0 billion, respectively, at September 30, 2009, and $8.3 billion and $7.9 billion, respectively, at December 31, 2008. Also included in the Other category are asset-backed securities collateralized by home equity loans with a cost basis and fair value of $2.5 billion and $2.7 billion, respectively, at September 30, 2009, and $3.2 billion and $3.2 billion, respectively, at December 31,

2008. The remaining balances primarily include asset-backed securities collateralized by credit cards and student loans.

(2) Foreign residential mortgage-backed securities with a fair value of \$3.3 billion are included in residential mortgage-backed securities at September 30, 2009. These instruments were included in other debt securities at December 31, 2008, and had a fair value of \$6.3 billion.

As part of our liquidity management strategy, we pledge securities to secure borrowings from the Federal Home Loan Bank (FHLB) and the Federal Reserve Bank. We also pledge securities to secure trust and public deposits and for other purposes as required or permitted by law. The carrying value of pledged securities where the secured party has the right to sell or repledge totaled \$1.4 billion at September 30, 2009, and \$10.1 billion at December 31, 2008. Securities pledged where the secured party does not have the right to sell or repledge totaled \$98.0 billion at September 30, 2009, and \$71.6 billion at December 31, 2008.

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Gross Unrealized Losses and Fair Value

The following table shows the gross unrealized losses and fair value of securities in the securities available-for-sale portfolio by length of time that individual securities in each category had been in a continuous loss position. Debt securities on which we have taken only credit-related OTTI write-downs are categorized as being less than 12 months or 12 months or more in a continuous loss position based on the point in time that the fair value declined to below the cost basis and not the period of time since the credit-related OTTI write-down.

	Less than 12 months		12 months or more		Total	
(in millions)	Gross unrealized losses	Fair value	Gross unrealized losses	Fair value	Gross unrealized losses	Fair value
December 31, 2008						
Securities of U.S. Treasury and federal agencies	$					
Securities of U.S. states and political subdivisions	(745)	3,483	(775)	1,702	(1,520)	5,185
Mortgage-backed securities:						
Federal agencies	(3)	83			(3)	83
Residential	(4,471)	9,960	(246)	238	(4,717)	10,198
Commercial	(1,726)	4,152	(2,152)	2,302	(3,878)	6,454
Total mortgage-backed securities	(6,200)	14,195	(2,398)	2,540	(8,598)	16,735
Corporate debt securities	(285)	1,056	(254)	469	(539)	1,525
Collateralized debt obligations	(113)	215	(457)	180	(570)	395
Other	(554)	8,638	(48)	38	(602)	8,676
Total debt securities	(7,897)	27,587	(3,932)	4,929	(11,829)	32,516
Marketable equity securities:						
Perpetual preferred securities	(75)	265	(252)	360	(327)	625
Other marketable equity securities	(23)	72	(4)	9	(27)	81
Total marketable equity securities	(98)	337	(256)	369	(354)	706
Total	$ (7,995)	27,924	(4,188)	5,298	(12,183)	33,222
September 30, 2009						
Securities of U.S. Treasury and federal agencies	**$ (7)**	**266**			**(7)**	**266**

Securities of U.S. states and political subdivisions	**(6)**	**198**	**(405)**	**3,474**	**(411)**	**3,672**
Mortgage-backed securities:						
Federal agencies						
Residential	**(201)**	**2,647**	**(1,546)**	**10,591**	**(1,747)**	**13,238**
Commercial	**(33)**	**514**	**(1,801)**	**6,908**	**(1,834)**	**7,422**
Total mortgage-backed securities	**(234)**	**3,161**	**(3,347)**	**17,499**	**(3,581)**	**20,660**
Corporate debt securities	**(30)**	**229**	**(100)**	**645**	**(130)**	**874**
Collateralized debt obligations	**(37)**	**329**	**(345)**	**487**	**(382)**	**816**
Other	**(82)**	**691**	**(132)**	**85**	**(214)**	**776**
Total debt securities	**(396)**	**4,874**	**(4,329)**	**22,190**	**(4,725)**	**27,064**
Marketable equity securities:						
Perpetual preferred securities	**(11)**	**176**	**(149)**	**542**	**(160)**	**718**
Other marketable equity securities	**(14)**	**75**			**(14)**	**75**
Total marketable equity securities	**(25)**	**251**	**(149)**	**542**	**(174)**	**793**
Total	**$ (421)**	**5,125**	**(4,478)**	**22,732**	**(4,899)**	**27,857**

For the securities in the above table, we do not have the intent to sell and have determined it is more likely than not that we will not be required to sell the security prior to recovery of the amortized cost basis. We have assessed each security for credit impairment. For debt securities, we evaluate, where necessary, whether credit impairment exists by comparing the present value of the expected cash flows to the securities amortized cost basis. For equity securities, we consider numerous factors in determining whether impairment exists, including our intent and ability to hold the securities for a period of time sufficient to recover the securities amortized cost basis.

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In determining whether a loss is temporary, we consider all relevant information including:

- the length of time and the extent to which the fair value has been less than the amortized cost basis;
- adverse conditions specifically related to the security, an industry, or a geographic area (for example, changes in the financial condition of the issuer of the security, or in the case of an asset-backed debt security, in the financial condition of the underlying loan obligors, including changes in technology or the discontinuance of a segment of the business that may affect the future earnings potential of the issuer or underlying loan obligors of the security or changes in the quality of the credit enhancement);
- the historical and implied volatility of the fair value of the security;
- the payment structure of the debt security and the likelihood of the issuer being able to make payments that increase in the future;
- failure of the issuer of the security to make scheduled interest or principal payments;
- any changes to the rating of the security by a rating agency; and
- recoveries or additional declines in fair value subsequent to the balance sheet date.

To the extent we estimate future expected cash flows, we considered all available information in developing those expected cash flows. For asset-backed securities such as residential mortgage-backed securities, commercial mortgage-backed securities, collateralized debt obligations and other types of asset-backed securities, such information generally included:

- remaining payment terms of the security (including as applicable, terms that require underlying obligor payments to increase in the future);
- current delinquencies and nonperforming assets of underlying collateral;
- expected future default rates;
- collateral value by vintage, geographic region, industry concentration or property type; and
- subordination levels or other credit enhancements.

Cash flow forecasts also considered, as applicable, independent industry analyst reports and forecasts, sector credit ratings, and other independent market data.

Securities of U.S. Treasury and federal agencies

The unrealized losses associated with U.S. Treasury and federal agency securities do not have any credit losses due to the guarantees provided by the United States government.

Securities of U.S. states and political subdivisions

The unrealized losses associated with securities of U.S. states and political subdivisions are primarily driven by changes in interest rates and not due to the credit quality of the securities. These investments are almost exclusively investment grade and were generally underwritten in accordance with our own investment standards prior to the decision to purchase, without relying on a bond insurer s guarantee in making the investment decision. These securities will continue to be monitored as part of our ongoing impairment analysis, but are expected to perform, even if the rating agencies reduce the credit rating of the bond insurers. As a result, we expect to recover the entire amortized cost basis of these securities.

Federal Agency Mortgage-Backed Securities
The unrealized losses associated with federal agency mortgage-backed securities are primarily driven by changes in interest rates and not due to credit losses. These securities are issued by U.S. government or government-sponsored entities and do not have any credit losses given the explicit or implicit government guarantee.
Residential Mortgage-Backed Securities
The unrealized losses associated with private residential mortgage-backed securities are primarily driven by higher projected collateral losses, wider credit spreads and changes in interest rates. We assess for credit impairment using a cash flow model. The key assumptions include default rates, severities and prepayment rates. We estimate losses to a security by forecasting the underlying mortgage loans in each transaction. The forecasted loan performance is used to project cash flows to the various tranches in the structure. Cash flow forecasts also considered, as applicable, independent industry analyst reports and forecasts, sector credit ratings, and other independent market data. Based upon our assessment of the expected credit losses of the security given the performance of the underlying collateral compared to our credit enhancement, we expect to recover the entire amortized cost basis of these securities.
Commercial Mortgage-Backed Securities
The unrealized losses associated with commercial mortgage-backed securities are primarily driven by higher projected collateral losses, wider credit spreads and changes in interest rates. These investments are almost exclusively investment grade. We assess for credit impairment using a cash flow model. The key assumptions include default rates and severities. We estimate losses for a security by forecasting the performance of underlying loans in each transaction. The forecasted loan performance is used to project cash flows to the various tranches in the structure. Cash flow forecasts are also considered and, as applicable, independent industry analyst reports and forecasts, sector credit ratings, and other independent market data. Based upon our assessment of the expected credit losses of the security given the performance of the underlying collateral compared to our credit enhancement, we expect to recover the entire amortized cost basis of these securities.
Corporate Debt Securities
The unrealized losses associated with corporate debt securities are primarily related to securities backed by commercial loans and individual issuer companies. For securities with commercial loans as the underlying collateral, we have evaluated the expected credit losses in the security and concluded that we have sufficient credit enhancement when compared with our estimate of credit losses for the individual security. For individual issuers, we evaluate the financial performance of the issuer on a quarterly basis to determine that the issuer can make all contractual principal and interest payments.
Collateralized Debt Obligations
The unrealized losses associated with collateralized debt obligations relate to securities primarily backed by commercial, residential or other consumer collateral. The losses are primarily driven by higher projected collateral losses and wider credit spreads. We assess for credit impairment using a cash flow model. The key assumptions include default rates, severities and prepayment rates. Based upon our assessment of the expected credit losses of the security given the performance of the underlying collateral compared to our credit enhancement, we expect to recover the entire amortized cost basis of these securities.

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Other Debt Securities

The unrealized losses associated with other debt securities primarily relate to other asset-backed securities, which are primarily backed by auto, home equity and student loans. The losses are primarily driven by higher projected collateral losses, wider credit spreads and changes in interest rates. We assess for credit impairment using a cash flow model. The key assumptions include default rates, severities and prepayment rates. Based upon our assessment of the expected credit losses of the security given the performance of the underlying collateral compared to our credit enhancement, we expect to recover the entire amortized cost basis of these securities.

Marketable Equity Securities

Our marketable equity securities include investments in perpetual preferred securities, which provide very attractive tax-equivalent yields and were current as to periodic distributions in accordance with their respective terms as of September 30, 2009. We evaluated these hybrid financial instruments with investment-grade ratings for impairment using an evaluation methodology similar to that used for debt securities. Perpetual preferred securities were not other-than-temporarily impaired at September 30, 2009, if there was no evidence of credit deterioration or investment rating downgrades of any issuers to below investment grade, and we expected to continue to receive full contractual payments. We will continue to evaluate the prospects for these securities for recovery in their market value in accordance with our policy for estimating OTTI. We have recorded impairment write-downs on perpetual preferred securities where there was evidence of credit deterioration.

The fair values of our investment securities could decline in the future if the underlying performance of the collateral for the residential and commercial mortgage-backed securities or other securities deteriorate and our credit enhancement levels do not provide sufficient protection to our contractual principal and interest. As a result, there is a risk that significant OTTI may occur in the future given the current economic environment.

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The table below shows the gross unrealized losses and fair value of debt and perpetual preferred securities in the available-for-sale portfolio by those rated investment grade and those rated less than investment grade, according to their lowest credit rating by Standard & Poor s Rating Services (S&P) or Moody s Investors Service (Moody s). Credit ratings express opinions about the credit quality of a security. Securities rated investment grade, that is those rated BBB or higher by S&P or Baa3 or higher by Moody s, are generally considered by the rating agencies and market participants to be low credit risk. Conversely, securities rated below investment grade, labeled as speculative grade by the rating agencies, are considered to be distinctively higher credit risk than investment grade securities. We have also included securities not rated by S&P or Moody s in the table below based on the internal credit grade of the securities (used for credit risk management purposes) equivalent to the credit rating assigned by major credit agencies. There were no unrated securities included in investment grade in a loss position as of September 30, 2009. The unrealized losses and fair value of unrated securities categorized as investment grade were $543 million and $8,091 million as of December 31, 2008. Substantially all of the unrealized losses on unrated securities classified as investment grade as of December 31, 2008, were related to investments in asset-backed securities collateralized by auto leases that appreciated to an unrealized gain position at September 30, 2009, due to spread tightening. If an internal credit grade was not assigned, we categorized the security as non-investment grade.

	Investment grade		Non-investment grade	
(in millions)	Gross unrealized losses	Fair value	Gross unrealized losses	Fair value
December 31, 2008				
Securities of U.S. Treasury and federal agencies	$			
Securities of U.S. states and political subdivisions	(1,464)	5,028	(56)	157
Mortgage-backed securities:				
Federal agencies	(3)	83		
Residential	(4,574)	10,045	(143)	153
Commercial	(3,863)	6,427	(15)	27
Total mortgage-backed securities	(8,440)	16,555	(158)	180
Corporate debt securities	(36)	579	(503)	946
Collateralized debt obligations	(478)	373	(92)	22
Other	(549)	8,612	(53)	64
Total debt securities	(10,967)	31,147	(862)	1,369
Perpetual preferred securities	(311)	604	(16)	21
Total	$ (11,278)	31,751	(878)	1,390
September 30, 2009				
Securities of U.S. Treasury and federal agencies	**$ (7)**	**266**		
Securities of U.S. states and political subdivisions	**(314)**	**3,343**	**(97)**	**329**
Mortgage-backed securities:				
Federal agencies				
Residential	**(284)**	**5,810**	**(1,463)**	**7,428**
Commercial	**(1,512)**	**7,016**	**(322)**	**406**

Total mortgage-backed securities	**(1,796)**	**12,826**	**(1,785)**	**7,834**
Corporate debt securities	**(47)**	**165**	**(83)**	**709**
Collateralized debt obligations	**(92)**	**367**	**(290)**	**449**
Other	**(30)**	**432**	**(184)**	**344**
Total debt securities	**(2,286)**	**17,399**	**(2,439)**	**9,665**
Perpetual preferred securities	**(153)**	**690**	**(7)**	**28**
Total	**$ (2,439)**	**18,089**	**(2,446)**	**9,693**

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Realized Gains and Losses

The following table shows the gross realized gains and losses on sales from the securities available-for-sale portfolio, including marketable equity securities. Realized losses include OTTI write-downs.

(in millions)	Quarter ended Sept. 30, 2009	Quarter ended Sept. 30, 2008	Nine months ended Sept. 30, 2009	Nine months ended Sept. 30, 2008
Gross realized gains	**$ 378**	549	**1,088**	1,003
Gross realized losses	**(300)**	(948)	**(1,018)**	(1,175)
Net realized gains (losses)	**$ 78**	(399)	**70**	(172)

Other-Than-Temporary Impairment

The following table shows the detail of total OTTI related to debt and equity securities available for sale, and nonmarketable equity securities.

(in millions)	Sept. 30, 2009 Quarter ended	Sept. 30, 2009 Nine months ended
OTTI write-downs (included in earnings)		
Debt securities	$ 273	850
Equity securities:		
Marketable equity securities	4	74
Nonmarketable equity securities	119	451
Total equity securities	123	525
Total OTTI write-downs	$ 396	1,375
OTTI on debt securities		
Recorded as part of gross realized losses:		
Credit-related OTTI	$ 251	821
Securities we intend to sell	22	29
Recorded directly to other comprehensive income for non-credit-related impairment (1)	41	1,039
Total OTTI on debt securities	$ 314	1,889

(1) Represents amounts recorded to OCI on debt securities

(predominantly residential mortgage-backed securities) in periods OTTI write-downs have been incurred. Changes in fair value in subsequent periods on such securities, to the extent not subsequently impaired in those periods, is not reflected in this balance.

The following table provides detail of OTTI recognized in earnings for debt and equity securities available for sale by major security type.

	Quarter ended Sept. 30,		Nine months ended Sept. 30,	
(in millions)	**2009**	2008	**2009**	2008
Debt securities:				
U.S. states and political subdivisions	**$ 1**		**6**	
Residential mortgage-backed securities	**134**	26	**526**	99
Commercial mortgage-backed securities	**67**	23	**78**	23
Corporate debt securities	**5**	93	**58**	124
Collateralized debt obligations	**25**	120	**121**	124
Other debt securities	**41**		**61**	
Total debt securities	**273**	262	**850**	370
Marketable equity securities:				
Perpetual preferred securities	**2**	594	**47**	627
Other marketable equity securities	**2**	37	**27**	98
Total marketable equity securities	**4**	631	**74**	725
Total OTTI losses recognized in earnings	**$ 277**	893	**924**	1,095

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Securities that were determined to be credit impaired during the current quarter as opposed to prior quarters, in general have experienced further degradation in expected cash flows primarily due to higher loss forecasts.

Other-Than-Temporarily Impaired Debt Securities

We recognize OTTI for debt securities classified as available for sale in accordance with FASB ASC 320, which requires that we assess whether we intend to sell or it is more likely than not that we will be required to sell a security before recovery of its amortized cost basis less any current-period credit losses. For debt securities that are considered other-than-temporarily impaired and that we do not intend to sell and will not be required to sell prior to recovery of our amortized cost basis, we separate the amount of the impairment into the amount that is credit related (credit loss component) and the amount due to all other factors. The credit loss component is recognized in earnings and is the difference between the security s amortized cost basis and the present value of its expected future cash flows discounted at the security s effective yield. The remaining difference between the security s fair value and the present value of future expected cash flows is due to factors that are not credit related and, therefore, is not required to be recognized as losses in the income statement, but is recognized in OCI. We believe that we will fully collect the carrying value of securities on which we have recorded a non-credit-related impairment in OCI.

The table below presents a roll-forward of the credit loss component recognized in earnings (referred to as credit-impaired debt securities). The credit loss component of the amortized cost represents the difference between the present value of expected future cash flows and the amortized cost basis of the security prior to considering credit losses. The beginning balance represents the credit loss component for debt securities for which OTTI occurred prior to January 1, 2009. OTTI recognized in earnings in 2009 for credit-impaired debt securities is presented as additions in two components based upon whether the current period is the first time the debt security was credit-impaired (initial credit impairment) or is not the first time the debt security was credit impaired (subsequent credit impairments). The credit loss component is reduced if we sell, intend to sell or believe we will be required to sell previously credit-impaired debt securities. Additionally, the credit loss component is reduced if we receive or expect to receive cash flows in excess of what we previously expected to receive over the remaining life of the credit-impaired debt security, the security matures or is fully written down. Changes in the credit loss component of credit-impaired debt securities were:

(in millions)		Quarter ended Sept. 30, 2009	Nine months ended Sept. 30, 2009
Balance, beginning of period	$	1,012	471
Additions (1):			
Initial credit impairments		124	537
Subsequent credit impairments		127	284
Reductions:			
For securities sold		(8)	(31)
Due to change in intent to sell or requirement to sell			(1)
For increases in expected cash flows			(5)
Balance, end of period	$	1,255	1,255

(1) Excludes $22 million and $29 million for the quarter and

nine months
ended
September 30,
2009,
respectively, of
OTTI on debt
securities we
intend to sell.

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For asset-backed securities (e.g., residential mortgage-backed securities), we estimated expected future cash flows of the security by estimating the expected future cash flows of the underlying collateral and applying those collateral cash flows, together with any credit enhancements such as subordinated interests owned by third parties, to the security. The expected future cash flows of the underlying collateral are determined using the remaining contractual cash flows adjusted for future expected credit losses (which considers current delinquencies and nonperforming assets, future expected default rates and collateral value by vintage and geographic region) and prepayments. The expected cash flows of the security are then discounted at the interest rate used to recognize interest income on the security to arrive at a present value amount. The table below presents a summary of the significant inputs considered in determining the measurement of the credit loss component recognized in earnings for residential mortgage-backed securities.

	Non-agency residential MBS non-investment grade (1)	
	Quarter ended September 30, 2009	Nine months ended September 30, 2009
Expected remaining life of loan losses (2):		
Range (3)	0 - 57%	0 - 58
Credit impairment distribution (4):		
0 - 10% range	50	54
10 - 20% range	9	28
20 - 30% range	23	13
Greater than 30%	18	5
Weighted average (5)	12	12
Current subordination levels (6):		
Range (3)	0 - 44	0 - 44
Weighted average (5)	9	8
Prepayment speed (annual CPR (7)):		
Range (3)	5 - 18	5 - 25
Weighted average (5)	11	11

(1) Total credit impairment losses in third quarter 2009 were $134 million, of which 96% were recorded on non-investment grade securities. Total credit impairment losses in the first nine months of 2009 were $537 million, of which 96% were

recorded on non-investment grade securities.

(2) Represents future expected credit losses on underlying pool of loans expressed as a percentage of total current outstanding loan balance.

(3) Represents the range of inputs/assumptions based upon the individual securities within each category.

(4) Represents distribution of credit impairment losses recognized in earnings categorized based on range of expected remaining life of loan losses. For example, 50% of credit impairment losses recognized in earnings in third quarter 2009 had expected remaining life of loan loss assumptions of 0 to 10%.

(5) Calculated by weighting the relevant input/assumption for each individual security by current outstanding amortized cost basis of the security.

(6) Represents current level of credit protection

(subordination) for the securities, expressed as a percentage of total current underlying loan balance.

(7) Constant prepayment rate.

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Contractual Maturities

The following table shows the remaining contractual principal maturities and contractual yields of debt securities available for sale. The remaining contractual principal maturities for mortgage-backed securities were determined assuming no prepayments. Remaining expected maturities will differ from contractual maturities because borrowers may have the right to prepay obligations before the underlying mortgages mature.

			Remaining contractual principal maturity							
		Weighted-	Within one year		After one year through five years		After five years through ten years		After ten years	
(in millions)	Total amount	average yield	Amount	Yield	Amount	Yield	Amount	Yield	Amount	Yield
December 31, 2008										
Securities of U.S. Treasury and federal agencies	$ 3,249	1.63%	$ 1,720	0.02%	$ 1,120	3.36%	$ 395	3.54%	$ 14	5.05%
Securities of U.S. states and political subdivisions	12,658	6.80	189	5.77	672	6.84	1,040	6.74	10,757	6.82
Mortgage-backed securities:										
Federal agencies	66,434	5.87	42	4.24	129	5.03	322	5.73	65,941	5.88
Residential	24,830	5.57					47	4.95	24,783	5.57
Commercial	8,478	5.32			5	1.57	135	6.13	8,338	5.31
Total mortgage-backed securities	99,742	5.75	42	4.24	134	4.91	504	5.76	99,062	5.75
Corporate debt securities	6,924	5.15	492	5.00	3,683	4.31	2,231	6.71	518	4.49
Collateralized debt obligations	2,085	4.17			90	5.68	1,081	4.81	914	3.26
Other	20,775	4.76	53	4.71	7,880	6.75	1,691	3.71	11,151	3.52
Total debt securities at fair value (1) (2)	$ 145,433	5.56%	$ 2,496	1.61%	$ 13,579	5.79%	$ 6,942	5.44%	$ 122,416	5.62%
September 30, 2009										
Securities of U.S. Treasury and federal agencies	**$ 2,496**	**2.74%**	**$ 552**	**0.61%**	**$ 748**	**2.27%**	**$ 1,190**	**4.01%**	**$ 6**	**4.03%**
Securities of U.S. states and political subdivisions	**13,630**	**6.57**	**84**	**7.48**	**667**	**6.94**	**1,102**	**6.58**	**11,777**	**6.54**

Mortgage-backed securities:										
Federal agencies	**87,503**	**5.52**	**16**	**4.52**	**68**	**5.88**	**494**	**5.65**	**86,925**	**5.52**
Residential	**34,092**	**5.36**	**48**	**4.74**	**122**	**0.58**	**170**	**5.00**	**33,752**	**5.38**
Commercial	**11,264**	**5.34**	**83**	**0.69**	**85**	**4.94**	**200**	**5.51**	**10,896**	**5.38**
Total mortgage-backed securities	**132,859**	**5.47**	**147**	**2.43**	**275**	**3.24**	**864**	**5.49**	**131,573**	**5.47**
Corporate debt securities	**9,202**	**5.63**	**531**	**4.41**	**4,014**	**5.55**	**3,810**	**6.13**	**847**	**4.52**
Collateralized debt obligations	**3,263**	**2.11**	**10**	**6.73**	**161**	**5.01**	**1,454**	**2.81**	**1,638**	**1.17**
Other	**16,459**	**4.18**	**755**	**5.84**	**7,554**	**6.17**	**1,247**	**3.31**	**6,903**	**1.98**
Total debt securities at fair value (1)	**$ 177,909**	**5.34%**	**$ 2,079**	**3.91%**	**$ 13,419**	**5.73%**	**$ 9,667**	**5.00%**	**$ 152,744**	**5.35%**

(1) The weighted-average yield is computed using the contractual coupon of each security weighted based on the fair value of each security.

(2) Information for December 31, 2008, has been revised to conform the determination of remaining contractual principal maturities and weighted-average yields to the current period methodology.

5. LOANS AND ALLOWANCE FOR CREDIT LOSSES

The major categories of loans outstanding showing those subject to accounting guidance for PCI loans are presented in the following table. Certain loans acquired in the Wachovia acquisition are subject to the measurement provisions contained in the Receivables topic of the Codification for PCI loans. These include loans with credit deterioration since origination and for which it is probable that we will not collect all contractual principal and interest. PCI loans are initially recorded at fair value, and no allowance is carried over or initially recorded. Outstanding balances of all other loans are presented net of unearned income, net deferred loan fees, and unamortized discount and premium totaling $14,350 million at September 30, 2009, and $16,891 million, at December 31, 2008.

	Sept. 30, 2009			Dec. 31, 2008		
(in millions)	**PCI loans**	**All other loans**	**Total**	PCI loans	All other loans	Total
Commercial and commercial real estate:						
Commercial	**$ 2,407**	**167,203**	**169,610**	4,580	197,889	202,469
Real estate mortgage	**5,950**	**97,492**	**103,442**	7,762	95,346	103,108
Real estate construction	**4,250**	**27,469**	**31,719**	4,503	30,173	34,676
Lease financing		**14,115**	**14,115**		15,829	15,829
Total commercial and commercial real estate	**12,607**	**306,279**	**318,886**	16,845	339,237	356,082
Consumer:						
Real estate 1-4 family first mortgage	**39,538**	**193,084**	**232,622**	39,214	208,680	247,894
Real estate 1-4 family junior lien mortgage	**425**	**104,113**	**104,538**	728	109,436	110,164
Credit card		**23,597**	**23,597**		23,555	23,555
Other revolving credit and installment		**90,027**	**90,027**	151	93,102	93,253
Total consumer	**39,963**	**410,821**	**450,784**	40,093	434,773	474,866
Foreign	**1,768**	**28,514**	**30,282**	1,859	32,023	33,882
Total loans	**$ 54,338**	**745,614**	**799,952**	58,797	806,033	864,830

We pledge loans to secure borrowings from the FHLB and the Federal Reserve Bank as part of our liquidity management strategy. Loans pledged where the secured party does not have the right to sell or repledge totaled $322.2 billion at September 30, 2009, and $337.5 billion at December 31, 2008. We did not have any pledged loans where the secured party has the right to sell or repledge at September 30, 2009, or at December 31, 2008.

We consider a loan to be impaired under the loan impairment provisions contained in FASB ASC 310-10 when, based on current information and events, we determine that we will not be able to collect all amounts due according to the loan contract, including scheduled interest payments. We assess and account for as impaired certain nonaccrual commercial, commercial real estate and foreign loans that are over $5 million and certain consumer, commercial, commercial real estate and foreign loans whose terms have been modified in a troubled debt restructuring (TDR). The recorded investment in impaired loans and the methodology used to measure impairment was:

(in millions)	**Sept. 30, 2009**	Dec. 31, 2008
Impairment measurement based on:		

Collateral value method	**$ 356**	88
Discounted cash flow method (1)	**14,129**	3,552
Total (2)	**$ 14,485**	3,640

(1) The September 30, 2009, balance includes $444 million of Government National Mortgage Association (GNMA) loans that are insured by the Federal Housing Administration (FHA) or guaranteed by the Department of Veterans Affairs. Although both principal and interest are insured, the insured interest rate may be different than the original contractual interest rate prior to modification, resulting in interest impairment under a discounted cash flow methodology.

(2) Includes $13,973 million and $3,468 million of impaired loans with a related

allowance of $2,754 million and $816 million at September 30, 2009, and December 31, 2008, respectively. The remaining impaired loans do not have a related allowance.

The average recorded investment in impaired loans was $12,234 million in third quarter 2009 and $2,944 million in fourth quarter 2008. In the first nine months of 2009, the average recorded investment was $8,790 million.

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The allowance for credit losses consists of the allowance for loan losses and the reserve for unfunded credit commitments. Changes in the allowance for credit losses were:

(in millions)	Quarter ended Sept. 30, 2009	2008	Nine months ended Sept. 30, 2009	2008
Balance, beginning of period	**$23,530**	7,517	**21,711**	5,518
Provision for credit losses	**6,111**	2,495	**15,755**	7,535
Loan charge-offs:				
Commercial and commercial real estate:				
Commercial	**(986)**	(305)	**(2,337)**	(897)
Real estate mortgage	**(215)**	(9)	**(398)**	(19)
Real estate construction	**(254)**	(36)	**(595)**	(93)
Lease financing	**(88)**	(19)	**(173)**	(44)
Total commercial and commercial real estate	**(1,543)**	(369)	**(3,503)**	(1,053)
Consumer:				
Real estate 1-4 family first mortgage	**(1,015)**	(146)	**(2,229)**	(330)
Real estate 1-4 family junior lien mortgage	**(1,340)**	(669)	**(3,428)**	(1,476)
Credit card	**(691)**	(396)	**(2,025)**	(1,078)
Other revolving credit and installment	**(860)**	(586)	**(2,562)**	(1,617)
Total consumer	**(3,906)**	(1,797)	**(10,244)**	(4,501)
Foreign	**(71)**	(59)	**(181)**	(185)
Total loan charge-offs	**(5,520)**	(2,225)	**(13,928)**	(5,739)
Loan recoveries:				
Commercial and commercial real estate:				
Commercial	**62**	27	**153**	90
Real estate mortgage	**6**	1	**22**	4
Real estate construction	**5**		**11**	2
Lease financing	**6**	3	**13**	9
Total commercial and commercial real estate	**79**	31	**199**	105
Consumer:				
Real estate 1-4 family first mortgage	**49**	7	**114**	20
Real estate 1-4 family junior lien mortgage	**49**	28	**119**	63
Credit card	**43**	35	**131**	113
Other revolving credit and installment	**178**	117	**580**	363
Total consumer	**319**	187	**944**	559
Foreign	**11**	12	**30**	40

Total loan recoveries	**409**	230	**1,173**	704
Net loan charge-offs (1)	**(5,111)**	(1,995)	**(12,755)**	(5,035)
Allowances related to business combinations/other	**(2)**	10	**(183)**	9
Balance, end of period	**$24,528**	8,027	**24,528**	8,027
Components:				
Allowance for loan losses	**$24,028**	7,865	**24,028**	7,865
Reserve for unfunded credit commitments	**500**	162	**500**	162
Allowance for credit losses	**$24,528**	8,027	**24,528**	8,027
Net loan charge-offs (annualized) as a percentage of average total loans (1)	**2.50%**	1.96	**2.05**	1.71
Allowance for loan losses as a percentage of total loans (2)	**3.00**	1.91	**3.00**	1.91
Allowance for credit losses as a percentage of total loans (2)	**3.07**	1.95	**3.07**	1.95

(1) For PCI loans charge-offs are only recorded to the extent that losses exceed the purchase accounting estimates.

(2) The allowance for loan losses and the allowance for credit losses include $233 million at September 30, 2009, and none for prior periods related to PCI loans acquired from Wachovia. Loans acquired from Wachovia are included in total loans net of related purchase accounting net write-downs.

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Purchased Credit-Impaired Loans

PCI loans had an unpaid principal balance of $87.8 billion at September 30, 2009, and $98.4 billion at December 31, 2008 (refined), and a carrying value, excluding allowance for loan losses, of $54.3 billion and $59.4 billion, respectively. The following table provides details on the PCI loans acquired from Wachovia.

(in millions)		Dec. 31, 2008 (refined)
Contractually required payments including interest	$	115,161
Nonaccretable difference (1)		(45,231)
Cash flows expected to be collected (2)		69,930
Accretable yield		(10,492)
Fair value of loans acquired	$	59,438

(1) Includes $40.9 billion in principal cash flows not expected to be collected, $2.0 billion of pre-acquisition charge-offs and $2.3 billion of future interest not expected to be collected.

(2) Represents undiscounted expected principal and interest cash flows.

For PCI loans, the impact of loan modifications is included in the expected cash flows of the quarterly evaluation for subsequent decreases or increases of cash flows. For variable rate loans included in PCI loans, expected future cash flows will be recalculated as the rates adjust over the lives of the loans. At acquisition, the expected future cash flows were based on the variable rates that were in effect at that time. The change in the accretable yield related to PCI loans is presented in the following table.

(in millions)	Quarter ended Sept. 30, 2009	Nine months ended Sept. 30, 2009

Balance, beginning of period (refined)	$	(9,452)	(10,492)
Accretion		892	1,952
Increase in expected cash flows (1)		(5,663)	(5,683)
Balance, end of period	$	(14,223)	(14,223)

(1) Represents increases in interest cash flows due to the impact of modifications incorporated into the quarterly assessment of expected future cash flows and/or changes in interest rates on variable rate loans and amounts reclassified from nonaccretable difference.

Deterioration in expected cash flows for PCI loans subsequent to the acquisition on December 31, 2008, results in the establishment of an allowance, provided for through a charge to income. Charge-offs and improvements in expected losses will reduce the allowance. Changes in the allowance for loan losses for PCI loans are presented in the following table.

(in millions)		Commercial, CRE and foreign	Other consumer	Pick-a-Pay	Total
Balance at December 31, 2008	$				
Provision for losses due to credit deterioration		580			580
Charge-offs		(347)			(347)
Balance at September 30, 2009	**$**	**233**			**233**

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In third quarter 2009, we recorded $409 million of provision for credit losses for deterioration in Wachovia s PCI loan portfolio that occurred subsequent to the December 31, 2008, acquisition. This included net charge-offs of $225 million in third quarter 2009 and an addition of $184 million to the allowance for loan losses for PCI loans at September 30, 2009. This allowance is included in the allowance for loan losses.

6. OTHER ASSETS

The components of other assets were:

(in millions)	**Sept. 30, 2009**	Dec. 31, 2008
Nonmarketable equity investments:		
Cost method:		
Private equity investments	**$ 2,771**	3,040
Federal bank stock	**6,163**	6,106
Total cost method	**8,934**	9,146
Equity method	**5,978**	6,358
Principal investments (1)	**1,264**	1,278
Total nonmarketable equity investments (2)	**16,176**	16,782
Corporate/bank-owned life insurance	**19,387**	18,339
Operating lease assets	**2,556**	2,251
Accounts receivable	**18,610**	22,493
Interest receivable	**4,705**	5,746
Core deposit intangibles	**10,961**	11,999
Customer relationship and other intangibles	**2,519**	3,516
Net deferred tax assets	**4,091**	13,864
Foreclosed assets:		
GNMA loans (3)	**840**	667
Other	**1,687**	1,526
Due from customers on acceptances	**931**	615
Other	**16,364**	12,003
Total other assets	**$ 98,827**	109,801

(1) Principal investments are recorded at fair value with realized and unrealized gains (losses) included in net gains (losses) from equity investments in the income statement.

(2) Certain amounts in the above table have been reclassified to conform to the current presentation.

(3) Consistent with regulatory reporting requirements, foreclosed assets include foreclosed real estate securing GNMA loans. Both principal and interest for GNMA loans secured by the foreclosed real estate are collectible because the GNMA loans are insured by the Federal Housing Administration or guaranteed by the Department of Veterans Affairs.

Income related to nonmarketable equity investments was:

Quarter ended Sept. 30,

(in millions)		**2009**	2008	Nine months ended Sept. 30, **2009**	2008
Net gains (losses) from private equity investments (1)	$	**(95)**	(24)	**(386)**	340
Net gains (losses) from principal investments		**6**		**(9)**	
Net gains (losses) from all other nonmarketable equity investments		**(37)**	26	**(180)**	36
Net gains (losses) from nonmarketable equity investments	$	**(126)**	2	**(575)**	376

(1) Net gains in 2008 include $334 million gain from our ownership in Visa, which completed its initial public offering in March 2008.

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7. SECURITIZATIONS AND VARIABLE INTEREST ENTITIES

Involvement with SPEs

We enter into various types of on- and off-balance sheet transactions with special purpose entities (SPEs) in the normal course of business. SPEs are corporations, trusts or partnerships that are established for a limited purpose. We use SPEs to create sources of financing, liquidity and regulatory capital capacity for the Company, as well as sources of financing and liquidity, and investment products for our clients. Our use of SPEs generally consists of various securitization activities with SPEs whereby financial assets are transferred to an SPE and repackaged as securities or similar interests that are sold to investors. In connection with our securitization activities, we have various forms of ongoing involvement with SPEs, which may include:

- underwriting securities issued by SPEs and subsequently making markets in those securities;
- providing liquidity facilities to support short-term obligations of SPEs issued to third party investors;
- providing credit enhancement on securities issued by SPEs or market value guarantees of assets held by SPEs through the use of letters of credit, financial guarantees, credit default swaps and total return swaps;
- entering into other derivative contracts with SPEs;
- holding senior or subordinated interests in SPEs;
- acting as servicer or investment manager for SPEs; and
- providing administrative or trustee services to SPEs.

The SPEs we use are primarily either qualifying SPEs (QSPEs), which are not consolidated if the criteria described below are met, or variable interest entities (VIEs). To qualify as a QSPE, an entity must be passive and must adhere to significant limitations on the types of assets and derivative instruments it may own and the extent of activities and decision making in which it may engage. For example, a QSPE s activities are generally limited to purchasing assets, passing along the cash flows of those assets to its investors, servicing its assets and, in certain transactions, issuing liabilities. Among other restrictions on a QSPE s activities, a QSPE may not actively manage its assets through discretionary sales or modifications.

A VIE is an entity that has either a total equity investment that is insufficient to permit the entity to finance its activities without additional subordinated financial support or whose equity investors lack the characteristics of a controlling financial interest. A VIE is consolidated by its primary beneficiary, which, under current accounting standards, is the entity that, through its variable interests, absorbs the majority of a VIE s variability. A variable interest is a contractual, ownership or other interest that changes with changes in the fair value of the VIE s net assets.

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The classifications of assets and liabilities on our balance sheet associated with our transactions with QSPEs and VIEs follow:

(in millions)	QSPEs	VIEs that we do not consolidate(1)	VIEs that we consolidate	Transfers that we account for as secured borrowings	Total
December 31, 2008					
Cash	$		117	287	404
Trading account assets	1,261	5,241	71	141	6,714
Securities (2)	18,078	15,168	922	6,094	40,262
Mortgages held for sale	56				56
Loans (3)		16,882	217	4,126	21,225
Mortgage servicing rights (4)	15,146				15,146
Other assets	345	5,022	2,416	55	7,838
Total assets	34,886	42,313	3,743	10,703	91,645
Short-term borrowings			307	1,440	1,747
Accrued expenses and other liabilities	528	1,976	330	26	2,860
Long-term debt			1,773	7,125	8,898
Noncontrolling interests			121		121
Total liabilities and noncontrolling interests	528	1,976	2,531	8,591	13,626
Net assets	$ 34,358	40,337	1,212	2,112	78,019
September 30, 2009					
Cash	**$**		**179**	**321**	**500**
Trading account assets	**903**	**5,215**	**77**	**89**	**6,284**
Securities (2)	**18,673**	**14,571**	**1,316**	**6,932**	**41,492**
Mortgages held for sale					
Loans (3)		**16,455**	**582**	**2,785**	**19,822**
Mortgage servicing rights	**14,906**	**7**			**14,913**
Other assets	**235**	**5,658**	**2,578**	**63**	**8,534**
Total assets	**34,717**	**41,906**	**4,732**	**10,190**	**91,545**
Short-term borrowings			**399**	**2,128**	**2,527**
Accrued expenses and other liabilities	**1,014**	**2,997**	**670**	**4,440**	**9,121**
Long-term debt			**1,407**	**2,644**	**4,051**
Noncontrolling interests			**76**		**76**

Total liabilities and noncontrolling interests	**1,014**	**2,997**	**2,552**	**9,212**	**15,775**
Net assets	**$ 33,703**	**38,909**	**2,180**	**978**	**75,770**

(1) Reverse repurchase agreements of $537 million are included in other assets at September 30, 2009. These instruments were included in loans at December 31, 2008, in the amount of $349 million.

(2) Excludes certain debt securities related to loans serviced for the Federal National Mortgage Association (FNMA), Federal Home Loan Mortgage Corporation (FHLMC) and GNMA.

(3) Excludes related allowance for loan losses.

(4) For December 31, 2008, the balance related to QSPEs involving mortgage servicing rights has been revised to reflect current information.

The following disclosures regarding our significant continuing involvement with QSPEs and unconsolidated VIEs exclude entities where our only involvement is in the form of: (1) investments in trading securities, (2) investments in securities or loans underwritten by third parties, (3) certain derivatives such as interest rate swaps or cross currency swaps that have customary terms, and (4) administrative or trustee services. We determined these forms of involvement to be insignificant due to the temporary nature and size as well as our lack of involvement in the design or operations of VIEs or QSPEs.

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Transactions with QSPEs

We use QSPEs to securitize consumer and commercial real estate loans and other types of financial assets, including student loans, auto loans and municipal bonds. We typically retain the servicing rights from these sales and may continue to hold other beneficial interests in QSPEs. We may also provide liquidity to investors in the beneficial interests and credit enhancements in the form of standby letters of credit. Through these securitizations we may be exposed to liability under limited amounts of recourse as well as standard representations and warranties we make to purchasers and issuers. The amount recorded for this liability is included in other commitments and guarantees in the following table.

A summary of our involvements with QSPEs follows:

(in millions)	Total QSPE assets (1)	Debt and equity interests (2)	Servicing assets	Derivatives	Other commitments and guarantees	Net assets
December 31, 2008					Carrying value	asset (liability)
Residential mortgage loan securitizations (3):						
Conforming (4) and GNMA	$ 1,008,824	10,207	11,715		(426)	21,496
Other/nonconforming	313,447	7,262	2,276	30	(85)	9,483
Commercial mortgage securitizations	355,267	1,452	1,098	524	(14)	3,060
Auto loan securitizations	4,133	72		43		115
Student loan securitizations	2,765	76	57			133
Other	11,877	74		(3)		71
Total	$ 1,696,313	19,143	15,146	594	(525)	34,358
					Maximum exposure to loss	
Residential mortgage loan securitizations (3):						
Conforming (4) and GNMA		$ 10,207	11,715		647	22,569
Other/nonconforming		7,262	2,276	300	71	9,909
Commercial mortgage securitizations		1,452	1,098	524	3,302	6,376
Auto loan securitizations		72		43		115
Student loan securitizations		76	57			133
Other		74		1,465	37	1,576
Total		$ 19,143	15,146	2,332	4,057	40,678
September 30, 2009					**Carrying value**	**asset (liability)**

Residential mortgage loan securitizations:						
Conforming (4) and GNMA	**$ 1,116,937**	**9,685**	**12,298**		**(738)**	**21,245**
Other/nonconforming	**280,304**	**7,627**	**1,691**	**17**	**(44)**	**9,291**
Commercial mortgage securitizations	**384,716**	**1,691**	**865**	**299**	**(20)**	**2,835**
Auto loan securitizations	**2,723**	**131**		**26**		**157**
Student loan securitizations	**2,675**	**115**	**52**			**167**
Other	**8,854**	**8**				**8**
Total	**$ 1,796,209**	**19,257**	**14,906**	**342**	**(802)**	**33,703**

					Maximum exposure to loss
Residential mortgage loan securitizations:					
Conforming (4) and GNMA	**$ 9,685**	**12,298**		**1,511**	**23,494**
Other/nonconforming	**7,627**	**1,691**	**231**	**44**	**9,593**
Commercial mortgage securitizations	**1,691**	**865**	**555**	**3,230**	**6,341**
Auto loan securitizations	**131**		**26**		**157**
Student loan securitizations	**115**	**52**			**167**
Other	**8**			**36**	**44**
Total	**$ 19,257**	**14,906**	**812**	**4,821**	**39,796**

(1) Represents the remaining principal balance of assets held by QSPEs using the most current information available.

(2) Excludes certain debt securities held related to loans serviced for FNMA, FHLMC and GNMA.

(3) For December 31, 2008, certain balances related to QSPEs involving residential mortgage loan securitizations have been revised to reflect current information.

(4) Conforming residential mortgage loan securitizations are

those that are
guaranteed by
government-sponsored
entities (GSEs).

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Maximum exposure to loss represents the carrying value of our involvement with off-balance sheet QSPEs plus remaining undrawn liquidity and lending commitments, notional amount of net written derivative contracts, and notional amount of other commitments and guarantees. Maximum exposure to loss is a required disclosure under GAAP and represents the estimated loss that would be incurred under an assumed hypothetical circumstance, despite what we believe is its extremely remote possibility, where the value of our interests and any associated collateral declines to zero, without any consideration of recovery or offset from any economic hedges. Accordingly, this required disclosure is not an indication of expected loss.

We recognized net losses of $1 million from sales of financial assets in securitizations in the first nine months of 2009, with net gains of $4 million in third quarter 2009. Additionally, we had the following cash flows with our securitization trusts.

	Quarter ended Sept. 30, 2009		Nine months ended Sept. 30, 2009	
(in millions)	Mortgage loans	Other financial assets	Mortgage loans	Other financial assets
Sales proceeds from securitizations (1)	$ 103,033		304,378	
Servicing fees	1,079	10	3,163	33
Other interests held	565	74	1,728	190
Purchases of delinquent assets	13		37	
Net servicing advances	70		199	

(1) Represents cash flow data for all loans securitized in the periods presented.

For securitizations completed in third quarter 2009, we used the following assumptions to determine the fair value of mortgage servicing rights at the date of securitization: a prepayment speed (annual constant prepayment rate) of 11.5%, life of 6.3 years and a discount rate of 8.3%.

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Key economic assumptions and the sensitivity of the current fair value to immediate adverse changes in those assumptions at September 30, 2009, for residential and commercial mortgage servicing rights, and other interests held related primarily to residential mortgage loan securitizations are presented in the following table.

			Other interests held (1)	
(in millions)	Mortgage servicing rights	Interest-only strips	Subordinated bonds (2)	Senior bonds (3)
Fair value of interests held	$ 15,777	514	598	6,348
Expected weighted-average life (in years)	5.4	5.0	4.4	6.5
Prepayment speed assumption (annual CPR)	14.5%	13.7	9.8	8.8
Decrease in fair value from:				
10% adverse change	$ 715	16	2	34
25% adverse change	1,676	37	6	90
Discount rate assumption	8.8%	20.5	14.0	8.5
Decrease in fair value from:				
100 basis point increase	$ 688	14	18	246
200 basis point increase	1,320	26	35	468
Credit loss assumption			6.2%	4.8
Decrease in fair value from:				
10% higher losses			22	8
25% higher losses			40	20

(1) Excludes securities retained in securitizations issued through GSEs such as FNMA, FHLMC and GNMA because we do not believe the value of these securities would be materially affected by the adverse changes in assumptions noted in the table. These GSE securities and other

interests held presented in this table are included in debt and equity interests in our disclosure of our involvements with QSPEs shown on page 90.

(2) Subordinated interests include only those bonds whose credit rating was below AAA by a major rating agency at issuance.

(3) Senior interests include only those bonds whose credit rating was AAA by a major rating agency at issuance.

The sensitivities in the table above are hypothetical and caution should be exercised when relying on this data. Changes in fair value based on variations in assumptions generally cannot be extrapolated because the relationship of the change in the assumption to the change in fair value may not be linear. Also, the effect of a variation in a particular assumption on the fair value of the other interests held is calculated independently without changing any other assumptions. In reality, changes in one factor may result in changes in others (for example, changes in prepayment speed estimates could result in changes in the discount rates), which might magnify or counteract the sensitivities.

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The table below presents information about the principal balances of owned and securitized loans.

(in millions)	Total loans (1) Sept. 30, 2009	Total loans (1) Dec. 31, 2008	Delinquent loans (2)(3) Sept. 30, 2009	Delinquent loans (2)(3) Dec. 31, 2008	Net charge-offs (recoveries) (3) Nine months ended Sept. 30, 2009
Commercial and commercial real estate:					
Commercial	$ **170,598**	204,113	**5,078**	1,471	2,184
Real estate mortgage	**326,190**	310,480	**9,703**	1,058	559
Real estate construction	**31,719**	34,676	**3,641**	1,221	584
Lease financing	**14,115**	15,829	**157**	92	160
Total commercial and commercial real estate	**542,622**	565,098	**18,579**	3,842	3,487
Consumer:					
Real estate 1-4 family first mortgage	**1,273,320**	1,165,456	**16,529**	6,849	3,050
Real estate 1-4 family junior lien mortgage	**108,002**	115,308	**2,541**	1,421	3,325
Credit card	**23,597**	23,555	**683**	687	1,894
Other revolving credit and installment	**100,449**	104,886	**1,574**	1,427	2,070
Total consumer	**1,505,368**	1,409,205	**21,327**	10,384	10,339
Foreign	**30,282**	33,882	**220**	91	151
Total loans owned and securitized	**2,078,272**	2,008,185	**40,126**	14,317	13,977
Less:					
Securitized loans	**1,236,936**	1,117,039			
Mortgages held for sale	**35,538**	20,088			
Loans held for sale	**5,846**	6,228			
Total loans held	$ **799,952**	864,830			

(1) Represents loans in the balance sheet or that have been securitized and includes

residential mortgages sold to FNMA, FHLMC and GNMA and securitizations where servicing is our only form of continuing involvement.

(2) Delinquent loans are 90 days or more past due and still accruing interest as well as nonaccrual loans.

(3) Delinquent loans and net charge-offs exclude loans sold to FNMA, FHLMC and GNMA. We continue to service the loans and would only experience a loss if required to repurchase a delinquent loan due to a breach in original representations and warranties associated with our underwriting standards.

Transactions with VIEs

Our transactions with VIEs include securitization, investment and financing activities involving collateralized debt obligations (CDOs) backed by asset-backed and commercial real estate securities, collateralized loan obligations (CLOs) backed by corporate loans or bonds, and other types of structured financing. We have various forms of involvement with VIEs, including holding senior or subordinated interests, entering into liquidity arrangements, credit default swaps and other derivative contracts. These involvements with unconsolidated VIEs are recorded on our balance sheet primarily in trading assets, securities available for sale, loans, mortgage servicing rights, other assets and other liabilities, as appropriate.

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The following table summarizes our involvement with unconsolidated VIEs.

(in millions)	Total VIE assets (1)	Loans, debt securities and equity interests	Derivatives	Other commitments and guarantees	Net assets
December 31, 2008				Carrying value	asset (liability)
Collateralized debt obligations (2)	$ 54,294	14,080	1,053		15,133
Wachovia administered ABCP conduit	10,767				
Asset-based finance structures	11,614	9,232	(136)		9,096
Tax credit structures	22,882	4,366		(516)	3,850
Collateralized loan obligations	23,339	3,217	109		3,326
Investment funds	105,808	3,543			3,543
Credit-linked note structures	12,993	50	1,472		1,522
Money market funds	31,843	50	10		60
Other (3)	1,832	3,983	(36)	(141)	3,806
Total	$ 275,372	38,521	2,472	(657)	40,336
				Maximum exposure to loss	
Collateralized debt obligations		$ 14,080	4,849	1,514	20,443
Wachovia administered ABCP conduit			15,824		15,824
Asset-based finance structures		9,346	136		9,482
Tax credit structures		4,366		560	4,926
Collateralized loan obligations		3,217	109	555	3,881
Investment funds		3,550		140	3,690
Credit-linked note structures		50	2,253		2,303
Money market funds		50	51		101
Other (3)		3,991	130	578	4,699
Total		$ 38,650	23,352	3,347	65,349
September 30, 2009				**Carrying value**	**asset (liability)**
Collateralized debt obligations	**$ 58,280**	**13,890**	**1,393**	**(1,083)**	**14,200**
Wachovia administered ABCP conduit	**6,536**				**-**
Asset-based finance structures	**18,366**	**10,512**	**(68)**		**10,444**
Tax credit structures	**27,636**	**4,497**		**(660)**	**3,837**
Collateralized loan obligations	**22,531**	**3,586**	**82**		**3,668**
Investment funds	**87,132**	**2,089**			**2,089**
Credit-linked note structures	**1,846**	**38**	**1,078**		**1,116**
Money market funds (4)	**7,469**		**(9)**		**(9)**

Other (3)	**8,056**	**3,609**		**(45)**	**3,564**
Total	**$ 237,852**	**38,221**	**2,476**	**(1,788)**	**38,909**

			Maximum exposure to loss	
Collateralized debt obligations	**$ 13,890**	**3,620**	**33**	**17,543**
Wachovia administered ABCP conduit		**6,667**		**6,667**
Asset-based finance structures	**10,512**	**68**	**446**	**11,026**
Tax credit structures	**4,497**		**9**	**4,506**
Collateralized loan obligations	**3,586**	**82**	**486**	**4,154**
Investment funds	**2,089**	**500**	**108**	**2,697**
Credit-linked note structures	**38**	**1,846**		**1,884**
Money market funds (4)		**39**	**2**	**41**
Other (3)	**3,609**	**2**	**210**	**3,821**
Total	**$ 38,221**	**12,824**	**1,294**	**52,339**

(1) Represents the remaining principal balance of assets held by unconsolidated VIEs using the most current information available. For VIEs that obtain exposure to assets synthetically through derivative instruments, the remaining notional amount of the derivative is included in the asset balance.

(2) For December 31, 2008, the total VIE assets for VIEs involving CDOs have been revised to

reflect current information.

(3) Contains investments in auction rate securities issued by VIEs that we do not sponsor and, accordingly, are unable to obtain the total assets of the entity.

(4) Excludes previously supported money market funds, to which the Company no longer provides non-contractual financial support.

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Maximum exposure to loss represents the carrying value of our involvement with off-balance sheet (unconsolidated) VIEs plus remaining undrawn liquidity and lending commitments, notional amount of net written derivative contracts, and notional amount of other commitments and guarantees. Maximum exposure to loss is a required disclosure under GAAP and represents the estimated loss that would be incurred under an assumed, although we believe extremely remote, hypothetical circumstance, where the value of our interests and any associated collateral declines to zero, without any consideration of recovery or offset from any economic hedges. Accordingly, this required disclosure is not an indication of expected loss.

Collateralized debt obligations and collateralized loan obligations

A CDO or CLO is a securitization where an SPE purchases a pool of assets consisting of asset-backed securities or loans and issues multiple tranches of equity or notes to investors. In some transactions a portion of the assets are obtained synthetically through the use of derivatives such as credit default swaps or total return swaps. Generally, CDOs and CLOs are structured on behalf of a third party asset manager that typically selects and manages the assets for the term of the CDO or CLO. Typically, the asset manager has some discretion to manage the sale of assets of, or derivatives used by the CDOs and CLOs.

Prior to the securitization, we may provide all or substantially all of the warehouse financing to the asset manager. The asset manager uses this financing to purchase the assets into a bankruptcy remote SPE during the warehouse period. At the completion of the warehouse period, the assets are sold to the CDO or CLO and the warehouse financing is repaid with the proceeds received from the securitization s investors. The warehousing period is generally less than 12 months in duration. In the event the securitization does not take place, the assets in the warehouse are liquidated. We consolidate the warehouse SPEs when we are the primary beneficiary. We are the primary beneficiary when we provide substantially all of the financing and therefore absorb the majority of the variability. Sometimes we have loss sharing arrangements whereby a third party asset manager agrees to absorb the credit and market risk during the warehousing period or upon liquidation of the collateral in the event a securitization does not take place. In those circumstances we do not consolidate the warehouse SPE because the third party asset manager absorbs the majority of the variability through the loss sharing arrangement.

In addition to our role as arranger and warehouse financing provider, we may have other forms of involvement with these transactions. Such involvements may include underwriter, liquidity provider, derivative counterparty, secondary market maker or investor. For certain transactions, we may also act as the collateral manager or servicer. We receive fees in connection with our role as collateral manager or servicer. We also earn fees for arranging these transactions and distributing the securities.

We assess whether we are the primary beneficiary of CDOs and CLOs at inception of the transactions based on our expectation of the variability associated with our continuing involvement. Subsequently, we monitor our ongoing involvement in these transactions to determine if a more frequent assessment of variability is necessary. Variability in these transactions may be created by credit risk, market risk, interest rate risk or liquidity risk associated with the CDO s or CLO s assets. Our assessment of the variability is performed qualitatively because our continuing involvement is typically senior in priority to the third party investors in transactions. In most cases, we are not the primary beneficiary of these transactions because we do not retain the subordinate interests in these transactions and, accordingly, do not absorb the majority of the variability.

Multi-seller commercial paper conduit

We administer a multi-seller asset-backed commercial paper (ABCP) conduit that arranges financing for certain client transactions. We acquired the relationship with this conduit in the Wachovia merger. This conduit is a bankruptcy remote entity that makes loans to, or purchases certificated interests from SPEs established by our clients (sellers) and which are secured by pools of financial assets. The conduit funds

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itself through the issuance of highly rated commercial paper to third party investors. The primary source of repayment of the commercial paper is the cash flows from the conduit s assets or the re-issuance of commercial paper upon maturity. The conduit s assets are structured with deal-specific credit enhancements generally in the form of overcollateralization provided by the seller, but also may include subordinated interests, cash reserve accounts, third party credit support facilities and excess spread capture. The weighted average life of the conduit s assets was 2.4 years at September 30, 2009, and 3.0 years at December 31, 2008.

The composition of the conduit s assets follows:

	Sept. 30, 2009		Dec. 31, 2008	
	Funded asset composition	**Total committed exposure**	Funded asset composition	Total committed exposure
Auto loans	**22.3%**	**21.9**	34.1	26.7
Commercial and middle market loans	**50.2**	**46.0**	27.6	32.6
Equipment loans	**17.5**	**15.4**	14.4	11.4
Trade receivables	**4.3**	**10.8**	8.8	10.9
Credit cards	**0.4**	**2.2**	7.0	7.9
Leases	**2.7**	**1.9**	6.1	7.0
Other	**2.6**	**1.8**	2.0	3.5
Total	**100.0%**	**100.0**	100.0	100.0

The table below summarizes the weighted-average credit rating equivalents of the conduit s assets. These ratings are based on internal rating criteria.

	Sept. 30, 2009		Dec. 31, 2008	
	Funded asset composition	**Total committed exposure**	Funded asset composition	Total committed exposure
AAA	**0.4%**	**2.2**	9.4	10.4
AA	**8.5**	**7.3**	8.3	11.7
A	**47.3**	**55.4**	52.2	51.5
BBB/BB/B	**43.8**	**35.1**	30.1	26.4
Total	**100.0%**	**100.0**	100.0	100.0

The timely repayment of the commercial paper is further supported by asset-specific liquidity facilities in the form of asset purchase agreements that we provide. Each facility is equal to 102% of the conduit s funding commitments to a client. The aggregate amount of liquidity must be equal to or greater than all the commercial paper issued by the conduit. At the discretion of the administrator, we may be required to purchase assets from the conduit at par value plus interest, including situations where the conduit is unable to issue commercial paper. Par value may be different from fair value.

We receive fees in connection with our role as administrator and liquidity provider. We may also receive fees related to the structuring of the conduit s transactions.

The weighted-average life of the commercial paper was 27.8 days at September 30, 2009, and the average yield on the commercial paper was 0.54%. The ability of the conduit to issue commercial paper is a function of general market conditions and the credit rating of the liquidity provider. At September 30, 2009, we did not hold any of the commercial paper issued by the conduit.

The conduit has issued a subordinated note to a third party investor. The subordinated note is designed to absorb the expected variability associated with the credit risk in the conduit s assets as well as assets that

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may be funded by us as a result of a purchase under the provisions of the liquidity purchase agreements. Actual credit losses incurred on the conduit s assets or assets purchased under the liquidity facilities are absorbed first by the subordinated note prior to any allocation to us as the liquidity provider. At September 30, 2009, the balance of the subordinated note was $60 million and it matures in 2017.

At least quarterly, or more often if circumstances dictate, we assess whether we are the primary beneficiary of the conduit based on our expectation of the variability associated with our liquidity facility and administrative fee arrangement. Such circumstances may include changes to deal-specific liquidity arrangements, changes to the terms of the conduit s assets or the purchase of the conduit s commercial paper. We assess variability using a quantitative expected loss model. The key inputs to the model include internally generated risk ratings that are mapped to third party rating agency loss-given-default assumptions. We do not consolidate the conduit because our expected loss model indicates that the holder of the subordinated note absorbs the majority of the variability of the conduit s assets.

Asset-based finance structures

We engage in various forms of structured finance arrangements with VIEs that are collateralized by various asset classes including energy contracts, auto and other transportation leases, intellectual property, equipment and general corporate credit. We typically provide senior financing, and may act as an interest rate swap or commodity derivative counterparty when necessary. In most cases, we are not the primary beneficiary of these structures because we do not retain a majority of the variability in these transactions.

For example, we had investments in asset-backed securities that were collateralized by auto leases and cash reserves. These fixed-rate securities have been structured as single-tranche, fully amortizing, unrated bonds that are equivalent to investment-grade securities due to their significant overcollateralization. The securities are issued by SPEs that have been formed and sponsored by third party auto financing institutions primarily because they require a source of liquidity to fund ongoing vehicle sales operations.

Tax credit structures

We make passive investments in affordable housing and sustainable energy projects that are designed to generate a return primarily through the realization of federal tax credits. In some instances, our investments in these structures may require that we fund future capital commitments at the discretion of the project sponsors. While the size of our investment in a single entity may at times exceed 50% of the outstanding equity interests, we do not consolidate these structures due to performance guarantees provided by the project sponsors giving them a majority of the variability.

Investment funds

At September 30, 2009, we had investments of $1.0 billion and lending arrangements of $537 million with certain funds managed by one of our majority owned subsidiaries compared with investments of $2.1 billion and lending arrangements of $349 million at December 31, 2008. In addition, we also provide a default protection agreement to a third party lender to one of these funds. Our involvements in these funds are either senior or of equal priority to third party investors. We do not consolidate the investment funds because we do not absorb the majority of the expected future variability associated with the funds assets, including variability associated with credit, interest rate and liquidity risks.

We are also a passive investor in various investment funds that invest directly in private equity and mezzanine securities as well as funds sponsored by select private equity and venture capital groups. We also invest in hedge funds on behalf of clients. In these transactions, we use various derivative contracts that are designed to provide our clients with the returns of the underlying hedge fund investments. We do not consolidate these funds because we do not hold a majority of the subordinate interests in these funds.

Money market funds
We entered into a capital support agreement in first quarter 2008 for up to $130 million related to an investment in a structured investment vehicle (SIV) held by our AAA-rated non-government money market funds. We entered into this agreement in order to maintain a AAA credit rating and a net asset value of $1.00 for the funds. In third quarter 2008, we fulfilled our obligation under this agreement by purchasing the SIV investment from the funds. At September 30, 2009, we had remaining outstanding support agreements of $41 million to certain other funds to support the value of certain investments held by those funds. We recorded a loss of $50 million in the first nine months of 2009 and a liability of $9 million at September 30, 2009, in connection with support agreements. We do not consolidate these funds because we do not absorb the majority of the expected future variability associated with the fund s assets. We are generally not responsible for investment losses incurred by our funds, and we do not have a contractual or implicit obligation to indemnify such losses or provide additional support to the funds. While we elected to enter into the capital support agreements for the funds, we are not obligated and may elect not to provide additional support to these funds or other funds in the future. In addition, in third quarter 2009, we purchased additional SIV investments from the AAA-rated non-government money market funds at an amortized cost of $38 million which, upon recording at fair value, resulted in a loss of $21 million. At September 30, 2009, the SIV investments were recorded as debt securities in our securities available-for-sale portfolio.

Credit-linked note structures
We enter into credit-linked note structures for two separate purposes. First and primarily, we structure transactions for clients designed to provide investors with specified returns based on the returns of an underlying security, loan or index. Second, in certain situations, we also use credit-linked note structures to reduce risk-weighted assets for determining regulatory capital ratios by structuring similar transactions that are indexed to the returns of a pool of underlying loans that we own. These transactions reduce our risk-weighted assets because they transfer a portion of the credit risk in the indexed pool of loans to the holders of the credit-linked notes. Both of these types of transactions result in the issuance of credit-linked notes and typically involve a bankruptcy remote SPE that synthetically obtains exposure to the underlying loans through a derivative instrument such as a written credit default swap or total return swap. The SPE issues notes to investors based on the referenced underlying securities or loans. Proceeds received from the issuance of these notes are usually invested in investment grade financial assets. We are typically the derivative counterparty to these transactions and administrator responsible for investing the note proceeds. We do not consolidate these SPEs because we typically do not hold any of the notes that they issue.

Other transactions with VIEs
In August 2008, Wachovia reached an agreement to purchase at par auction rate securities (ARS) that were sold to third party investors by two of its subsidiaries. ARS are debt instruments with long-term maturities, but which reprice more frequently. Certain of these securities were issued by VIEs. At September 30, 2009, we held in our securities available-for-sale portfolio $3.1 billion of ARS issued by VIEs that we redeemed pursuant to this agreement, compared with $3.7 billion at December 31, 2008. At December 31, 2008, we had a liability on our balance sheet of $91 million for additional losses on anticipated future redemptions of ARS issued by VIEs. We did not have a liability related to this event at September 30, 2009. Were we to redeem all remaining ARS issued by VIEs that are subject to the agreement, our estimated maximum exposure to loss would have been $620 million at December 31, 2008; however, certain of these securities may be repaid in full by the issuer prior to redemption. We do not consolidate the VIEs that issued the ARS because we do not expect to absorb the majority of the expected future variability associated with the VIEs assets.

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Trust preferred securities

In addition to the involvements disclosed in the following table, we had $18.9 billion of debt financing through the issuance of trust preferred securities at September 30, 2009. In these transactions, VIEs that we wholly own issue preferred equity or debt securities to third party investors. All of the proceeds of the issuance are invested in debt securities that we issue to the VIEs. In certain instances, we may provide liquidity to third party investors that purchase long-term securities that reprice frequently issued by VIEs. The VIEs operations and cash flows relate only to the issuance, administration and repayment of the securities held by third parties. We do not consolidate these VIEs because the VIEs sole assets are receivables from us. This is the case even though we own all of the VIEs voting equity shares, have fully guaranteed the VIEs obligations and may have the right to redeem the third party securities under certain circumstances. We report the debt securities that we issue to the VIEs as long-term debt in our consolidated balance sheet.

A summary of our transactions with VIEs accounted for as secured borrowings and involvements with consolidated VIEs follows:

			Carrying value (1)	
(in millions)	Total VIE assets	Consolidated assets	Third party liabilities	Noncontrolling interests
December 31, 2008				
Secured borrowings:				
Municipal tender option bond securitizations	$ 6,358	6,280	4,765	
Auto loan securitizations	2,134	2,134	1,869	
Commercial real estate loans	1,294	1,294	1,258	
Residential mortgage securitizations	1,124	995	699	
Total secured borrowings	10,910	10,703	8,591	
Consolidated VIEs:				
Structured asset finance	3,491	1,666	1,481	13
Investment funds	1,119	1,070	155	97
Other	1,007	1,007	774	11
Total consolidated VIEs	5,617	3,743	2,410	121
Total secured borrowings and consolidated VIEs	$ 16,527	14,446	11,001	121
September 30, 2009				
Secured borrowings:				
Municipal tender option bond securitizations	**$ 7,197**	**7,045**	**6,565**	
Auto loan securitizations	**1,005**	**1,005**	**801**	
Commercial real estate loans	**1,309**	**1,309**	**1,267**	
Residential mortgage securitizations	**944**	**831**	**579**	
Total secured borrowings	**10,455**	**10,190**	**9,212**	

Consolidated VIEs:				
Structured asset finance	**2,839**	**1,106**	**1,112**	**15**
Investment funds	**2,117**	**2,109**	**265**	**45**
Other	**1,809**	**1,517**	**1,099**	**16**
Total consolidated VIEs	**6,765**	**4,732**	**2,476**	**76**
Total secured borrowings and consolidated VIEs	**$ 17,220**	**14,922**	**11,688**	**76**

(1) Amounts exclude loan loss reserves, and total assets may differ from consolidated assets due to the different measurement methods used depending on the assets classifications.

We have raised financing through the securitization of certain financial assets in transactions with VIEs accounted for as secured borrowings. We also consolidate VIEs where we are the primary beneficiary. In certain transactions we provide contractual support in the form of limited recourse and liquidity to facilitate the remarketing of short-term securities issued to third party investors. Other than this limited

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contractual support, the assets of the VIEs are the sole source of repayment of the securities held by third parties.
In addition, we have issued approximately $6 billion of private placement debt financing through a consolidated VIE. The issuance is classified as long-term debt in our consolidated financial statements. We have pledged certain of its assets to collateralize the VIE s borrowing. Such assets were not transferred to the VIE and accordingly we have excluded the VIE from the previous table.

8. MORTGAGE BANKING ACTIVITIES

Mortgage banking activities, included in the Community Banking and Wholesale Banking operating segments, consist of residential and commercial mortgage originations and servicing.
The changes in residential MSRs measured using the fair value method were:

	Quarter ended Sept. 30,		Nine months ended Sept. 30,	
(in millions)	**2009**	2008	**2009**	2008
Fair value, beginning of period	**$ 15,690**	19,333	**14,714**	16,763
Purchases		57		191
Acquired from Wachovia (1)			**34**	
Servicing from securitizations or asset transfers	**1,517**	851	**5,045**	2,642
Sales				(269)
Net additions	**1,517**	908	**5,079**	2,564
Changes in fair value:				
Due to changes in valuation model inputs or assumptions (2)	**(2,078)**	(546)	**(2,586)**	1,788
Other changes in fair value (3)	**(629)**	(511)	**(2,707)**	(1,931)
Total changes in fair value	**(2,707)**	(1,057)	**(5,293)**	(143)
Fair value, end of period	**$ 14,500**	19,184	**14,500**	19,184

(1) Reflects refinements to initial December 31, 2008, Wachovia purchase accounting adjustments.

(2) Principally reflects changes in discount rates and prepayment speed assumptions, mostly due to changes in interest rates.

(3)

Represents changes due to collection/realization of expected cash flows over time.

The changes in amortized commercial MSRs were:

	Quarter ended Sept. 30,		Nine months ended Sept. 30,	
(in millions)	**2009**	2008	**2009**	2008
Balance, beginning of period	**$ 1,205**	442	**1,446**	466
Purchases (1)		2	**10**	7
Acquired from Wachovia (2)			**(135)**	
Servicing from securitizations or asset transfers (1)	**21**	8	**43**	17
Amortization	**(64)**	(19)	**(202)**	(57)
Balance, end of period (3)	**$ 1,162**	433	**1,162**	433
Fair value of amortized MSRs:				
Beginning of period	**$ 1,311**	595	**1,555**	573
End of period	**1,277**	622	**1,277**	622

(1) Based on September 30, 2009, assumptions, the weighted-average amortization period for MSRs added during the third quarter and first nine months of 2009 was approximately 19.9 years and 17.7 years, respectively.

(2) Reflects refinements to initial December 31, 2008, Wachovia purchase accounting adjustments.

(3) There was no valuation

allowance recorded for the periods presented. Commercial MSRs are evaluated for impairment purposes by the following asset classes: agency and non-agency commercial mortgage-backed securities (MBS), and loans.

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The components of our managed servicing portfolio were:

(in billions)		Sept. 30, 2009	Dec. 31, 2008
Residential mortgage loans serviced for others (1)	$	**1,419**	1,388
Owned loans serviced (2)		**260**	268
Total owned servicing of residential mortgage loans		**1,679**	1,656
Commercial mortgage loans serviced for others		**458**	472
Total owned servicing of loans		**2,137**	2,128
Sub-servicing		**21**	26
Total managed servicing portfolio	$	**2,158**	2,154
Ratio of MSRs to related loans serviced for others		**0.83%**	0.87

(1) Consists of 1-4 family first mortgage loans.
(2) Consists of mortgages held for sale and 1-4 family first mortgage loans.

The components of mortgage banking noninterest income were:

(in millions)	Quarter ended Sept. 30, 2009	Quarter ended Sept. 30, 2008	Nine months ended Sept. 30, 2009	Nine months ended Sept. 30, 2008
Servicing income, net:				
Servicing fees	$ **1,039**	980	**2,945**	2,903
Changes in fair value of residential MSRs:				
Due to changes in valuation model inputs or assumptions (1)	**(2,078)**	(546)	**(2,586)**	1,788
Other changes in fair value (2)	**(629)**	(511)	**(2,707)**	(1,931)
Total changes in fair value of residential MSRs	**(2,707)**	(1,057)	**(5,293)**	(143)
Amortization	**(64)**	(19)	**(202)**	(57)
Net derivative gains (losses) from economic hedges (3)	**3,605**	621	**6,019**	(1,684)
Total servicing income, net	**1,873**	525	**3,469**	1,019

Net gains on mortgage loan origination/sales activities	**1,125**	276	**4,910**	1,419
All other	**69**	91	**238**	282
Total mortgage banking noninterest income	**$ 3,067**	892	**8,617**	2,720
Market-related valuation changes to MSRs, net of hedge results (1)+(3)	**$ 1,527**	75	**3,433**	104

(1) Principally reflects changes in discount rates and prepayment speed assumptions, mostly due to changes in interest rates.

(2) Represents changes due to collection/realization of expected cash flows over time.

(3) Represents results from free-standing derivatives (economic hedges) used to hedge the risk of changes in fair value of MSRs. See Note 11 Free-Standing Derivatives in this Report for additional discussion and detail.

Servicing fees include certain unreimbursed direct servicing obligations primarily associated with workout activities. In addition, servicing fees and all other in the table above included:

	Quarter ended Sept. 30,		Nine months ended Sept. 30,	
(in millions)	**2009**	2008	**2009**	2008
Contractually specified servicing fees	**$ 1,036**	990	**3,187**	**2,927**
Late charges	**75**	70	**241**	**214**
Ancillary fees	**22**	33	**118**	**109**

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9. INTANGIBLE ASSETS

The gross carrying value of intangible assets and accumulated amortization was:

(in millions)	**Sept. 30, 2009** Gross carrying value	**Sept. 30, 2009** Accumulated amortization	Dec. 31, 2008 Gross carrying value	Dec. 31, 2008 Accumulated amortization
Amortized intangible assets:				
MSRs (1)	**$ 1,588**	**426**	1,672	226
Core deposit intangibles	**14,738**	**3,777**	14,188	2,189
Customer relationship and other intangibles	**3,347**	**842**	3,988	486
Total amortized intangible assets	**$19,673**	**5,045**	19,848	2,901
MSRs (carried at fair value)(1)	**$14,500**		14,714	
Goodwill	**24,052**		22,627	
Trademark	**14**		14	

(1) See Note 8 in this Report for additional information on MSRs.

The current year and estimated future amortization expense for intangible assets as of September 30, 2009, follows:

(in millions)	Amortized commercial MSRs	Core deposit intangibles	Customer relationship and other intangibles (1)	Total
Nine months ended September 30, 2009 (actual)	**$ 202**	**1,590**	**356**	**2,148**
Estimate for year ended December 31,				
2009	$ 264	2,114	474	2,852
2010	225	1,813	379	2,417
2011	197	1,544	319	2,060
2012	159	1,352	300	1,811
2013	124	1,202	278	1,604
2014	106	1,078	260	1,444

(1) Includes amortization of

lease intangibles reported in occupancy expense of $6 million for the first nine months of 2009, and estimated amortization of $8 million for 2009, $7 million for 2010, $7 million for 2011, $7 million for 2012, $3 million for 2013, and $3 million for 2014.

We based our projections of amortization expense shown above on existing asset balances at September 30, 2009. Future amortization expense may vary from these projections.

For our goodwill impairment analysis, we allocate all of the goodwill to the individual operating segments. As a result of the combination of Wells Fargo and Wachovia, management realigned its business segments into the following three lines of business: Community Banking; Wholesale Banking; and Wealth, Brokerage and Retirement. As part of this realignment, we updated our reporting units. We identify reporting units that are one level below an operating segment (referred to as a component), and distinguish these reporting units as those components are based on how the segments and components are managed, taking into consideration the economic characteristics, nature of the products and customers of the components. We allocate goodwill to reporting units based on relative fair value, using certain performance metrics. We have revised prior period information to reflect this realignment. See Note 16 in this Report for further information on management reporting.

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The following table shows the allocation of goodwill to our operating segments for purposes of goodwill impairment testing. The additions in the first nine months of 2009 predominantly relate to goodwill recorded in connection with refinements to our initial acquisition date purchase accounting.

(in millions)	Community Banking	Wholesale Banking	Wealth, Brokerage and Retirement	Consolidated Company
December 31, 2007	$ 10,591	2,147	368	13,106
Reduction in goodwill related to divested businesses		(1)		(1)
Goodwill from business combinations	322	97		419
Foreign currency translation adjustments	(4)			(4)
September 30, 2008	$ 10,909	2,243	368	13,520
December 31, 2008	**$ 16,810**	**5,449**	**368**	**22,627**
Goodwill from business combinations	**926**	**493**		**1,419**
Foreign currency translation adjustments	**6**			**6**
September 30, 2009	**$ 17,742**	**5,942**	**368**	**24,052**

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10. GUARANTEES AND LEGAL ACTIONS

Guarantees

Guarantees are contracts that contingently require us to make payments to a guaranteed party based on an event or a change in an underlying asset, liability, rate or index. Guarantees are generally in the form of securities lending indemnifications, standby letters of credit, liquidity agreements, written put options, recourse obligations, residual value guarantees, and contingent consideration. The following table shows carrying value, maximum exposure to loss on our guarantees and the amount with a higher risk of performance.

			Sept. 30, 2009			Dec. 31, 2008
(in millions)	**Carrying value**	**Maximum exposure to loss**	**Non-investment grade**	Carrying value	Maximum exposure to loss	Non-investment grade
Standby letters of credit	**$ 145**	**50,895**	**21,861**	130	47,191	17,293
Securities lending and other indemnifications	**51**	**25,968**	**5,142**		30,120	1,907
Liquidity agreements (1)	**76**	**9,670**		30	17,602	
Written put options (1)(2)	**894**	**8,125**	**4,708**	1,376	10,182	5,314
Loans sold with recourse	**84**	**5,501**	**2,463**	53	6,126	2,038
Residual value guarantees	**8**	**197**			1,121	
Contingent consideration	**9**	**142**	**101**	11	187	
Other guarantees		**68**			38	
Total guarantees	**$ 1,267**	**100,566**	**34,275**	1,600	112,567	26,552

(1) Certain of these agreements are related to off-balance sheet entities and, accordingly, are also disclosed in Note 7.

(2) Written put options, which are in the form of derivatives, are also included in the derivative disclosures in Note 11.

Maximum exposure to loss and Non-investment grade are required disclosures under GAAP. Non-investment grade represents those guarantees on which we have a higher risk of being required to perform under the terms of the guarantee. If the underlying assets under the guarantee are non-investment grade (that is, an external rating that is below investment grade or an internal credit default grade that is equivalent to a below investment grade external rating), we consider the risk of payment of performance to be high. Internal credit default grades are determined based upon the same credit policies that we use to evaluate the risk of payment or performance when making loans and other extensions of credit. These credit policies are more fully described in Note 5 in this Report.

Maximum exposure to loss represents the estimated loss that would be incurred under an assumed hypothetical circumstance, despite what we believe is its extremely remote possibility, where the value of our interests and any associated collateral declines to zero, without any consideration of recovery or offset from any economic hedges. Accordingly, this required disclosure is not an indication of expected loss. We believe the carrying value, which is either fair value or cost adjusted for incurred credit losses, is more representative of our exposure to loss than maximum exposure to loss.

We issue standby letters of credit, which include performance and financial guarantees, for customers in connection with contracts between our customers and third parties. Standby letters of credit are agreements where we are obligated to make payment to a third party on behalf of a customer in the event the customer fails to meet their contractual obligations. We consider the credit risk in standby letters of credit and commercial and similar letters of credit in determining the allowance for credit losses.

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As a securities lending agent, we loan client securities, on a fully collateralized basis, to third party borrowers. We indemnify our clients against borrower default of a return of those securities and, in certain cases, against collateral losses. We support these guarantees with collateral, generally in the form of cash or highly liquid securities that is marked to market daily. There was $26.7 billion at September 30, 2009, and $31.0 billion at December 31, 2008, in collateral supporting loaned securities with values of $26.0 billion and $30.1 billion, respectively.

We enter into other types of indemnification agreements in the ordinary course of business under which we agree to indemnify third parties against any damages, losses and expenses incurred in connection with legal and other proceedings arising from relationships or transactions with us. These relationships or transactions include those arising from service as a director or officer of the Company, underwriting agreements relating to our securities, acquisition agreements and various other business transactions or arrangements. Because the extent of our obligations under these agreements depends entirely upon the occurrence of future events, our potential future liability under these agreements is not determinable.

We provide liquidity facilities on all commercial paper issued by the conduit we administer. We also provide liquidity to certain off-balance sheet entities that hold securitized fixed rate municipal bonds and consumer or commercial assets that are partially funded with the issuance of money market and other short-term notes. See Note 7 in this Report for additional information on these arrangements.

Written put options are contracts that give the counterparty the right to sell to us an underlying instrument held by the counterparty at a specified price, and include options, floors, caps and credit default swaps. These written put option contracts generally permit net settlement. While these derivative transactions expose us to risk in the event the option is exercised, we manage this risk by entering into offsetting trades or by taking short positions in the underlying instrument. We offset substantially all put options written to customers with purchased options. Additionally, for certain of these contracts, we require the counterparty to pledge the underlying instrument as collateral for the transaction. Our ultimate obligation under written put options is based on future market conditions and is only quantifiable at settlement. See Note 7 in this Report for additional information regarding transactions with VIEs and Note 11 in this Report for additional information regarding written derivative contracts.

In certain loan sales or securitizations, we provide recourse to the buyer whereby we are required to repurchase loans at par value plus accrued interest on the occurrence of certain credit-related events within a certain period of time. The maximum exposure to loss represents the outstanding principal balance of the loans sold or securitized that are subject to recourse provisions, but the likelihood of the repurchase of the entire balance is remote and amounts paid can be recovered in whole or in part from the sale of collateral. In the first nine months of 2009, we did not repurchase a significant amount of loans associated with these agreements.

We have provided residual value guarantees as part of certain leasing transactions of corporate assets. At September 30, 2009, the only remaining residual value guarantee that related to a leasing transaction was on certain corporate buildings. At December 31, 2008, the residual value guarantees also included leasing transactions related to railcars, which were unwound in first quarter 2009. The lessors in these leases are generally large financial institutions or their leasing subsidiaries. These guarantees protect the lessor from loss on sale of the related asset at the end of the lease term. To the extent that a sale of the leased assets results in proceeds less than a stated percent (generally 80% to 89%) of the asset s cost less depreciation, we would be required to reimburse the lessor under our guarantee.

In connection with certain brokerage, asset management, insurance agency and other acquisitions we have made, the terms of the acquisition agreements provide for deferred payments or additional consideration, based on certain performance targets.

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We have entered into various contingent performance guarantees through credit risk participation arrangements. Under these agreements, if a customer defaults on its obligation to perform under certain credit agreements with third parties, we will be required to make payments to the third parties.

Legal Actions

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

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

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

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

Le-Nature s, Inc. On August 1, 2009, the trustee under the indenture for Le-Nature s Senior Subordinated Note filed claims against Wachovia Capital Markets seeking recovery for the bondholders under a variety of theories. On September 16, 2009, the Judge in the action brought by the Litigation Trustee dismissed a cause of action for breach of fiduciary duty but denied the remainder of Wachovia s motion to dismiss. On October 2, 2009, the Second Circuit affirmed the dismissal of the action filed by certain bank debt holders in the Southern District of New York. The action filed on behalf of holders of Le-Nature s Senior Subordinated Notes is now pending in the Superior Court of the State of California, County of Los Angeles.

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

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

11. DERIVATIVES

We use derivatives to manage exposure to market risk, interest rate risk, credit risk and foreign currency risk, to generate profits from proprietary trading and to assist customers with their risk management objectives. Derivative transactions are measured in terms of the notional amount, but this amount is not recorded in the balance sheet and is not, when viewed in isolation, a meaningful measure of the risk profile of the instruments. The notional amount is generally not exchanged, but is used only as the basis on which interest and other payments are determined. Our approach to managing interest rate risk includes the use of derivatives. This helps minimize significant, unplanned fluctuations in earnings, fair values of assets and liabilities, and cash flows caused by interest rate volatility. This approach involves modifying the repricing characteristics of certain assets and liabilities so that changes in interest rates do not have a significant adverse effect on the net interest margin and cash flows. As a result of interest rate fluctuations, hedged assets and liabilities will gain or lose market value. In a fair value hedging strategy, the effect of this unrealized gain or loss will generally be offset by the gain or loss on the derivatives linked to the hedged assets and liabilities. In a cash flow hedging strategy, we manage the variability of cash payments due to interest rate fluctuations by the effective use of derivatives linked to hedged assets and liabilities.

We use derivatives that are designated as qualifying hedge contracts as defined by the Derivatives and Hedging topic in the Codification as part of our interest rate and foreign currency risk management, including interest rate swaps, caps and floors, futures and forward contracts, and options. We also offer various derivatives, including interest rate, commodity, equity, credit and foreign exchange contracts, to our customers but usually offset our exposure from such contracts by purchasing other financial contracts. The customer accommodations and any offsetting financial contracts are treated as free-standing derivatives. Free-standing derivatives also include derivatives we enter into for risk management that do not otherwise qualify for hedge accounting, including economic hedge derivatives. To a lesser extent, we take positions based on market expectations or to benefit from price differentials between financial instruments and markets. Additionally, free-standing derivatives include embedded derivatives that are required to be separately accounted for from their host contracts.

Our derivative activities are monitored by the Corporate Asset/Liability Management Committee (Corporate ALCO). Our Treasury function, which includes asset/liability management, is responsible for various hedging strategies developed through analysis of data from financial models and other internal and industry sources. We incorporate the resulting hedging strategies into our overall interest rate risk management and trading strategies.

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The total notional or contractual amounts and fair values for derivatives were:

	Sept. 30, 2009			Dec. 31, 2008		
(in millions)	**Notional or contractual amount**	**Asset derivatives**	**Fair value Liability derivatives**	Notional or contractual amount	Asset derivatives	Fair value Liability derivatives
Qualifying hedge contracts (1)						
Interest rate contracts (2)	**$ 134,050**	**8,263**	**1,771**	191,972	11,511	3,287
Foreign exchange contracts	**31,467**	**1,883**	**654**	38,386	1,138	1,198
Total derivatives designated as qualifying hedging instruments		**10,146**	**2,425**		12,649	4,485
Derivatives not designated as hedging instruments						
Free-standing derivatives (economic hedges) (1):						
Interest rate contracts (3)	**742,002**	**6,418**	**5,798**	750,728	12,635	9,708
Equity contracts	**39**		**9**			
Foreign exchange contracts	**7,657**	**197**	**61**	4,208	150	325
Credit contracts protection purchased	**627**	**324**		644	528	
Other derivatives	**4,534**		**67**	4,458	108	71
Subtotal		**6,939**	**5,935**		13,421	10,104
Customer accommodation, trading and other free-standing derivatives (4):						
Interest rate contracts	**2,818,642**	**71,511**	**70,033**	3,752,656	142,739	141,508
Commodity contracts	**90,586**	**5,280**	**5,263**	86,360	6,117	6,068
Equity contracts	**31,170**	**2,295**	**2,812**	37,136	3,088	2,678
Foreign exchange contracts	**200,588**	**3,873**	**3,433**	273,437	7,562	7,419
Credit contracts protection sold	**126,915**	**1,452**	**12,774**	137,113	349	20,880
Credit contracts protection purchased	**133,061**	**12,808**	**1,573**	140,442	22,100	1,281
Other derivatives	**1,329**	**571**	**229**	1,490	28	150

Subtotal	**97,790**	**96,117**	181,983	179,984
Total derivatives not designated as hedging instruments	**104,729**	**102,052**	195,404	190,088
Subtotal	**114,875**	**104,477**	208,053	194,573
Netting (5)	**(86,639)**	**(95,208)**	(168,690)	(182,435)
Total	**$ 28,236**	**9,269**	39,363	12,138

(1) Represents asset/liability management hedges, which are included in other assets or other liabilities.

(2) Notional amounts presented exclude $24.6 billion of basis swaps that are combined with receive fixed-rate / pay floating-rate swaps and designated as one hedging instrument.

(3) Includes free-standing derivatives (economic hedges) used to hedge the risk of changes in the fair value of residential MSRs, MHFS, interest rate lock commitments and other interests held.

(4) Customer accommodation, trading and other free-standing derivatives are included in trading assets or other liabilities.

(5) Represents netting of derivative asset and liability balances, and related cash collateral, with the same counterparty subject to master netting arrangements under the accounting guidance covering the offsetting of amounts related to certain contracts. The amount of cash collateral netted against derivative assets and liabilities was $17.6 billion and $5.2 billion, respectively, at September 30, 2009, and $17.7 billion and $22.2 billion, respectively, at December 31, 2008.

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Fair Value Hedges

We use interest rate swaps to convert certain of our fixed-rate long-term debt and certificates of deposit to floating rates to hedge our exposure to interest rate risk. We also enter into cross-currency swaps, cross-currency interest rate swaps and forward contracts to hedge our exposure to foreign currency risk and interest rate risk associated with the issuance of non-U.S. dollar denominated long-term debt and repurchase agreements. Consistent with our asset/liability management strategy of converting fixed-rate debt to floating-rates, we believe interest expense should reflect only the current contractual interest cash flows on the liabilities and the related swaps. In addition, we use interest rate swaps and forward contracts to hedge against changes in fair value of certain debt securities that are classified as securities available for sale, due to changes in interest rates, foreign currency rates, or both. For fair value hedges of long-term debt, certificates of deposit, repurchase agreements and debt securities, all parts of each derivative s gain or loss due to the hedged risk are included in the assessment of hedge effectiveness.

For fair value hedging relationships, we use statistical regression analysis to assess hedge effectiveness, both at inception of the hedging relationship and on an ongoing basis. The regression analysis involves regressing the periodic change in fair value of the hedging instrument against the periodic changes in fair value of the asset or liability being hedged due to changes in the hedged risk(s). The assessment includes an evaluation of the quantitative measures of the regression results used to validate the conclusion of high effectiveness.

The following table shows the net gains (losses) recognized in the income statement related to derivatives in fair value hedging relationships as defined by the Derivatives and Hedging topic in the Codification.

	Interest rate contracts hedging:		Foreign exchange contracts hedging:		
(in millions)	Securities available for sale	Long-term debt	Securities available for sale	Short-term borrowings	Long-term debt
Quarter ended September 30, 2009					
Gains (losses) recorded in net interest income	$ (84)	484	(7)		94
Gains (losses) recorded in noninterest income					
Recognized on derivatives	(242)	1,292	(1)		270
Recognized on hedged item	253	(1,297)	1		(266)
Recognized on fair value hedges (ineffective portion) (1)	$ 11	(5)			4
Nine months ended September 30, 2009					
Gains (losses) recorded in net interest income	$ (196)	1,131	(53)	28	248
Gains (losses) recorded in noninterest income					
Recognized on derivatives	552	(2,177)	(1)		1,212
Recognized on hedged item	(543)	2,086	1		(1,217)
Recognized on fair value hedges (ineffective portion) (1)	$ 9	(91)			(5)

(1) None of the change in value of the derivatives was excluded from the assessment of hedge effectiveness.

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Cash Flow Hedges

We hedge floating-rate debt against future interest rate increases by using interest rate swaps, caps, floors and futures to limit variability of cash flows due to changes in the benchmark interest rate. We also use interest rate swaps and floors to hedge the variability in interest payments received on certain floating-rate commercial loans, due to changes in the benchmark interest rate. Gains and losses on derivatives that are reclassified from cumulative OCI to current period earnings are included in the line item in which the hedged item s effect on earnings is recorded. All parts of gain or loss on these derivatives are included in the assessment of hedge effectiveness. For all cash flow hedges, we assess hedge effectiveness using regression analysis, both at inception of the hedging relationship and on an ongoing basis. The regression analysis involves regressing the periodic changes in cash flows of the hedging instrument against the periodic changes in cash flows of the forecasted transaction being hedged due to changes in the hedged risk(s). The assessment includes an evaluation of the quantitative measures of the regression results used to validate the conclusion of high effectiveness.

We expect that $212 million of deferred net gains on derivatives in OCI at September 30, 2009, will be reclassified as earnings during the next twelve months, compared with $60 million of deferred net losses at December 31, 2008. We are hedging our exposure to the variability of future cash flows for all forecasted transactions for a maximum of 17 years for both hedges of floating-rate debt and floating-rate commercial loans.

The following table shows the net gains recognized related to derivatives in cash flow hedging relationships as defined by the Derivatives and Hedging topic in the Codification.

(in millions)		Quarter ended Sept. 30, 2009	Nine months ended Sept. 30, 2009
Gains (after tax) recognized in OCI on derivatives (effective portion)	$	196	68
Gains (pre tax) reclassified from cumulative OCI into net interest income (effective portion)		129	408
Gains (pre tax) recognized in noninterest income on derivatives (ineffective portion) (1)		27	38

(1) None of the change in value of the derivatives was excluded from the assessment of hedge effectiveness.

Free-Standing Derivatives

We use free-standing derivatives (economic hedges), in addition to debt securities available for sale, to hedge the risk of changes in the fair value of residential MSRs, new prime residential MHFS, derivative loan commitments and other interests held, with the resulting gain or loss reflected in other income.

The derivatives used to hedge residential MSRs include swaps, swaptions, forwards, Eurodollar and Treasury futures and options contracts resulted in net derivative gains of $3,605 million and $6,019 million, respectively, in the third quarter and first nine months of 2009 and net derivative gains of $621 million and losses of $1,684 million, respectively, in the same periods of 2008 from economic hedges related to our mortgage servicing activities and are included in mortgage banking noninterest income. The aggregate fair value of these derivatives used as economic hedges was a net asset of $1,460 million at September 30, 2009, and $3,610 million at December 31, 2008. Changes in fair value of debt securities available for sale (unrealized gains and losses) are not included in servicing income, but are reported in cumulative OCI (net of tax) or, upon sale, are reported in net gains (losses) on debt securities available for sale.

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Interest rate lock commitments for residential mortgage loans that we intend to sell are considered free-standing derivatives. Our interest rate exposure on these derivative loan commitments, as well as most new prime residential MHFS for which we have elected fair value option, is hedged with free-standing derivatives (economic hedges) such as forwards and options, Eurodollar futures and options, and Treasury futures, forwards and options contracts. The commitments, free-standing derivatives and residential MHFS are carried at fair value with changes in fair value included in mortgage banking noninterest income. For interest rate lock commitments we include, at inception and during the life of the loan commitment, the expected net future cash flows related to the associated servicing of the loan as part of the fair value measurement of derivative loan commitments. Changes subsequent to inception are based on changes in fair value of the underlying loan resulting from the exercise of the commitment and changes in the probability that the loan will not fund within the terms of the commitment (referred to as a fall-out factor). The value of the underlying loan is affected primarily by changes in interest rates and the passage of time. However, changes in investor demand, such as concerns about credit risk, can also cause changes in the spread relationships between underlying loan value and the derivative financial instruments that cannot be hedged. The aggregate fair value of derivative loan commitments in the balance sheet was a net asset of $265 million at September 30, 2009, and $125 million at December 31, 2008, and is included in the caption Interest rate contracts under Customer accommodation, trading and other free-standing derivatives in the table on page 108.

We also enter into various derivatives primarily to provide derivative products to customers. To a lesser extent, we take positions based on market expectations or to benefit from price differentials between financial instruments and markets. These derivatives are not linked to specific assets and liabilities in the balance sheet or to forecasted transactions in an accounting hedge relationship and, therefore, do not qualify for hedge accounting. We also enter into free-standing derivatives for risk management that do not otherwise qualify for hedge accounting. They are carried at fair value with changes in fair value recorded as part of other noninterest income.

Additionally, free-standing derivatives include embedded derivatives that are required to be accounted for separate from their host contract. We periodically issue hybrid long-term notes and certificates of deposit where the performance of the hybrid instrument notes is linked to an equity, commodity or currency index, or basket of such indices. These notes contain explicit terms that affect some or all of the cash flows or the value of the note in a manner similar to a derivative instrument and therefore are considered to contain an embedded derivative instrument. The indices on which the performance of the hybrid instrument is calculated are not clearly and closely related to the host debt instrument. In accordance with accounting guidance for derivatives, the embedded derivative is separated from the host contract and accounted for as a free-standing derivative.

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The following table shows the net gains (losses) recognized in the income statement related to derivatives not designated as hedging instruments under the Derivatives and Hedging topic of the Codification.

(in millions)		Quarter ended Sept. 30, 2009	Nine months ended Sept. 30, 2009
Free-standing derivatives (economic hedges)			
Interest rate contracts (1)			
Recognized in noninterest income:			
Mortgage banking	$	1,780	4,836
Other		2	1
Foreign exchange contracts		24	6
Equity contracts			2
Credit contracts		(98)	(212)
Subtotal		1,708	4,633
Customer accommodation, trading and other free-standing derivatives			
Interest rate contracts (2)			
Recognized in noninterest income:			
Mortgage banking		1,274	2,084
Other		27	426
Commodity contracts		14	(25)
Equity contracts		(48)	(229)
Foreign exchange contracts		224	482
Credit contracts		(459)	(557)
Other		(10)	(186)
Subtotal		1,022	1,995
Total	$	2,730	6,628

(1) Predominantly mortgage banking noninterest income including gains (losses) on the derivatives used as economic hedges of MSRs, interest

rate lock commitments, loans held for sale and mortgages held for sale.

(2) Predominantly mortgage banking noninterest income including gains (losses) on interest rate lock commitments.

Credit Derivatives

We use credit derivatives to manage exposure to credit risk related to proprietary trading and to assist customers with their risk management objectives. This may include protection sold to offset purchased protection in structured product transactions, as well as liquidity agreements written to special purpose vehicles. The maximum exposure of sold credit derivatives is managed through posted collateral, purchased credit derivatives and similar products in order to achieve our desired credit risk profile. This credit risk management provides an ability to recover a significant portion of any amounts that would be paid under the sold credit derivatives. We would be required to perform under the noted credit derivatives in the event of default by the referenced obligors. Events of default include events such as bankruptcy, capital restructuring or lack of principal and/or interest payment. In certain cases, other triggers may exist, such as the credit downgrade of the referenced obligors or the inability of the special purpose vehicle for which we have provided liquidity to obtain funding.

The following table provides details of sold and purchased credit derivatives.

				Notional amount			
(in millions)	Fair value liability	Protection sold (A)	Protection sold non-investment grade	Protection purchased with identical underlyings (B)	Net protection sold (A) - (B)	Other protection purchased	Range of maturities
December 31, 2008							
Credit default swaps on:							
Corporate bonds	$ 9,643	83,446	39,987	31,413	52,033	50,585	2009-2018
Structured products	4,940	7,451	5,824	5,061	2,390	6,559	2009-2056
Credit protection on:							
Credit default swap index	2,611	35,943	6,364	4,606	31,337	31,410	2009-2017
Commercial mortgage- backed securities index	2,231	7,291	2,938	1,521	5,770	3,919	2009-2052
Asset-backed securities index	1,331	1,526	1,116	235	1,291	803	2037-2046
Loan deliverable credit default swaps	106	611	592	281	330	1,033	2009-2014
Other	18	845	150	21	824		2009-2020
Total credit derivatives	$ 20,880	137,113	56,971	43,138	93,975	94,309	
September 30, 2009							
Credit default swaps on:							
Corporate bonds	**$ 5,388**	**96,314**	**43,263**	**76,085**	**20,229**	**21,996**	**2009-2018**
Structured products	**4,420**	**6,359**	**4,108**	**5,109**	**1,250**	**3,839**	**2009-2056**
Credit protection on:							
Default swap index	**354**	**16,221**	**4,522**	**16,176**	**45**	**150**	**2009-2017**
Commercial mortgage- backed securities index	**1,834**	**4,783**	**13**	**4,664**	**119**	**169**	**2049-2052**
	758	**1,260**	**726**	**819**	**441**	**141**	**2037-2052**

Asset-backed securities index							
Loan deliverable credit default swaps	**19**	**510**	**492**	**12**	**498**	**721**	**2010-2014**
Other	**1**	**1,468**	**841**	**12**	**1,456**	**100**	**2009-2020**
Total credit derivatives	**$ 12,774**	**126,915**	**53,965**	**102,877**	**24,038**	**27,116**	

Protection sold represents the estimated maximum exposure to loss that would be incurred under an assumed hypothetical circumstance, despite what we believe is its extremely remote possibility, where the value of our interests and any associated collateral declines to zero, without any consideration of recovery or offset from any economic hedges. Accordingly, this required disclosure is not an indication of expected loss. The amounts under non-investment grade represent the notional amounts of those credit derivatives on which we have a higher performance risk, or higher risk of being required to perform under the terms of the credit derivative and is a function of the underlying assets. We consider the risk of performance to be high if the underlying assets under the credit derivative have an external rating that is below investment grade or an internal credit default grade that is equivalent thereto. We believe the net protection sold, which is representative of the net notional amount of protection sold and purchased with identical underlyings, in combination with other protection purchased, is more representative of our exposure to loss than either non-investment grade or protection sold. Other protection purchased represents additional protection, which may offset the exposure to loss for protection sold, that was not purchased with an identical underlying of the protection sold.

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Credit-Risk Contingent Features

Certain of our derivative contracts contain provisions whereby if the credit rating of our debt, based on certain major credit rating agencies indicated in the relevant contracts, were to fall below investment grade, the counterparty could demand additional collateral or require termination or replacement of derivative instruments in a net liability position. The aggregate fair value of all derivative instruments with such credit-risk-related contingent features that are in a net liability position on September 30, 2009, was $8.5 billion for which we have posted $8.0 billion collateral in the normal course of business. If the credit-risk-related contingent features underlying these agreements were triggered on September 30, 2009, we would be required to post additional collateral of $1.0 billion or potentially settle the contract in an amount equal to its fair value.

Counterparty Credit Risk

By using derivatives, we are exposed to counterparty credit risk if counterparties to the derivative contracts do not perform as expected. If a counterparty fails to perform, our counterparty credit risk is equal to the amount reported as a derivative asset on our balance sheet. The amounts reported as a derivative asset are derivative contracts in a gain position, and to the extent subject to master netting arrangements, net of derivatives in a loss position with the same counterparty and cash collateral received. We minimize counterparty credit risk through credit approvals, limits, monitoring procedures, executing master netting arrangements and obtaining collateral, where appropriate. To the extent the master netting arrangements and other criteria meet the requirements outlined in the Derivatives and Hedging topic of the Codification, derivatives balances and related cash collateral amounts are shown net in the balance sheet. Counterparty credit risk related to derivatives is considered in determining fair value.

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12. FAIR VALUES OF ASSETS AND LIABILITIES

We use fair value measurements to record fair value adjustments to certain assets and liabilities and to determine fair value disclosures. Trading assets, securities available for sale, derivatives, prime residential mortgages held for sale (MHFS), certain commercial loans held for sale (LHFS), residential MSRs, principal investments and securities sold but not yet purchased (short sale liabilities) are recorded at fair value on a recurring basis. Additionally, from time to time, we may be required to record at fair value other assets on a nonrecurring basis, such as nonprime residential and commercial MHFS, certain LHFS, loans held for investment and certain other assets. These nonrecurring fair value adjustments typically involve application of lower-of-cost-or-market accounting or write-downs of individual assets.

We adopted new guidance impacting FASB ASC 820-10 effective January 1, 2009, which addresses measuring fair value in situations where markets are inactive and transactions are not orderly. Under the Fair Value Measurement and Disclosures topic of the Codification, transaction or quoted prices for assets or liabilities in inactive markets may require adjustment due to the uncertainty of whether the underlying transactions are orderly. Prior to our adoption of the new provisions for measuring fair value, we primarily used unadjusted independent vendor or broker quoted prices to measure fair value for substantially all securities available for sale. In connection with the change in guidance for fair value measurement, we developed policies and procedures to determine when the level and volume of activity for our assets and liabilities requiring fair value measurements has significantly declined relative to normal conditions. For such items that use price quotes, such as certain security classes within securities available for sale, the degree of market inactivity and distressed transactions was analyzed to determine the appropriate adjustment to the price quotes. The security classes where we considered the market to be less orderly included non-agency residential mortgage-backed securities, commercial mortgage-backed securities, collateralized debt obligations, home equity asset-backed securities, auto asset-backed securities and credit card-backed securities. The methodology used to adjust the quotes involved weighting the price quotes and results of internal pricing techniques such as the net present value of future expected cash flows (with observable inputs, where available) discounted at a rate of return market participants require. The significant inputs utilized in the internal pricing techniques, which were estimated by type of underlying collateral, included credit loss assumptions, estimated prepayment speeds and appropriate discount rates. The more active and orderly markets for particular security classes were determined to be, the more weighting assigned to price quotes. The less active and orderly markets were determined to be, the less weighting assigned to price quotes. For the impact of the new fair value measurement provisions contained in FASB ASC 820-10, see Note 1 in this Report.

Under the fair value option accounting guidance included in FASB ASC 825-10, we elected to measure MHFS at fair value prospectively for new prime residential MHFS originations, for which an active secondary market and readily available market prices existed to reliably support fair value pricing models used for these loans. We also elected to remeasure at fair value certain of our other interests held related to residential loan sales and securitizations. We believe the election for MHFS and other interests held (which are now hedged with free-standing derivatives (economic hedges) along with our MSRs) reduces certain timing differences and better matches changes in the value of these assets with changes in the value of derivatives used as economic hedges for these assets.

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Fair Value Hierarchy

In accordance with the Fair Value Measurements and Disclosures topic of the Codification, we group our assets and liabilities at fair value in three levels, based on the markets in which the assets and liabilities are traded and the reliability of the assumptions used to determine fair value. These levels are:

Level 1 Valuation is based upon quoted prices for identical instruments traded in active markets.

Level 2 Valuation is based upon quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, and model-based valuation techniques for which all significant assumptions are observable in the market.

Level 3 Valuation is generated from model-based techniques that use significant assumptions not observable in the market. These unobservable assumptions reflect estimates of assumptions that market participants would use in pricing the asset or liability. Valuation techniques include use of option pricing models, discounted cash flow models and similar techniques.

In the determination of the classification of financial instruments in Level 2 or Level 3 of the fair value hierarchy, we consider all available information, including observable market data, indications of market liquidity and orderliness, and our understanding of the valuation techniques and significant inputs used. For securities in inactive markets, we use a predetermined percentage to evaluate the impact of fair value adjustments derived from weighting both external and internal indications of value to determine if the instrument is classified as Level 2 or Level 3. Based upon the specific facts and circumstances of each instrument or instrument category, judgments are made regarding the significance of the Level 3 inputs to the instruments fair value measurement in its entirety. If Level 3 inputs are considered significant, the instrument is classified as Level 3.

Upon the acquisition of Wachovia, we elected to measure at fair value certain portfolios of LHFS that we intend to hold for trading purposes and that may be economically hedged with derivative instruments. In addition, we elected to measure at fair value certain letters of credit that are hedged with derivative instruments to better reflect the economics of the transactions. These letters of credit are included in trading account assets or liabilities.

Determination of Fair Value

In accordance with the Fair Value Measurements and Disclosures topic of the Codification, we base our fair values on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. It is our policy to maximize the use of observable inputs and minimize the use of unobservable inputs when developing fair value measurements, as prescribed in the fair value hierarchy contained in FASB ASC 820-10.

In instances where there is limited or no observable market data, fair value measurements for assets and liabilities are based primarily upon our own estimates or combination of our own estimates and independent vendor or broker pricing, and the measurements are often calculated based on current pricing policy, the economic and competitive environment, the characteristics of the asset or liability and other such factors. Therefore, the results cannot be determined with precision and may not be realized in an actual sale or immediate settlement of the asset or liability. Additionally, there may be inherent weaknesses in any calculation technique, and changes in the underlying assumptions used, including discount rates and estimates of future cash flows, that could significantly affect the results of current or future values.

We incorporate lack of liquidity into our fair value measurement based on the type of asset measured and the valuation methodology used. For example, for residential mortgage loans held for sale and certain securities where the significant inputs have become unobservable due to the illiquid markets and vendor or broker pricing is not used, we use a discounted cash flow technique to measure fair value. This technique incorporates forecasting of expected cash flows discounted at an appropriate market discount rate to reflect the lack of liquidity in the market that a market participant would consider. For other securities where vendor or broker pricing is used, we use either unadjusted broker quotes or vendor prices or vendor or broker prices adjusted by weighting them with internal discounted cash flow techniques to measure fair value. These unadjusted vendor or broker prices inherently reflect any lack of liquidity in the market as the fair value measurement represents an exit price from a market participant viewpoint.

As required by FASB ASC 825-10, *Financial Instruments*, following are descriptions of the valuation methodologies used for assets and liabilities recorded at fair value and for estimating fair value for financial instruments not recorded at fair value.

Assets

Short-term financial assets

Short-term financial assets include cash and due from banks, federal funds sold and securities purchased under resale agreements and due from customers on acceptances. These assets are carried at historical cost. The carrying amount is a reasonable estimate of fair value because of the relatively short time between the origination of the instrument and its expected realization.

Trading assets (excluding derivatives) and Securities available for sale

Trading assets and securities available for sale are recorded at fair value on a recurring basis. Fair value measurement is based upon quoted prices, if available. Such instruments are classified within Level 1 of the fair value hierarchy. Examples include exchange-traded equity securities and some highly liquid government securities such as U.S. Treasuries. When instruments are traded in secondary markets and quoted market prices do not exist for such securities, we generally rely on internal valuation techniques or on prices obtained from independent pricing services or brokers (collectively, vendors) or combination thereof.

Trading securities are mostly valued using trader prices that are subject to independent price verification procedures. The majority of fair values derived using internal valuation techniques are verified against multiple pricing sources, including prices obtained from independent vendors. Vendors compile prices from various sources and often apply matrix pricing for similar securities when no price is observable. We review pricing methodologies provided by the vendors in order to determine if observable market information is being used, versus unobservable inputs. When evaluating the appropriateness of an internal trader price compared to vendor prices, considerations include the range and quality of vendor prices. Vendor prices are used to ensure the reasonableness of a trader price; however valuing financial instruments involves judgments acquired from knowledge of a particular market and is not perfunctory. If a trader asserts that a vendor price is not reflective of market value, justification for using the trader price, including recent sales activity where possible, must be provided to and approved by the appropriate levels of management. Similarly, while securities available for sale traded in secondary markets are typically valued using unadjusted vendor prices or vendor prices adjusted by weighting them with internal discounted cash flow techniques, these prices are reviewed and, if deemed inappropriate by a trader who has the most knowledge of a particular market, can be adjusted. Securities measured with these internal valuation techniques are generally classified as Level 2 of the hierarchy and often involve using quoted market prices for similar securities, pricing models, discounted cash flow analyses using significant inputs observable in the market where available or combination of multiple valuation techniques. Examples include certain residential and commercial mortgage-backed securities, municipal bonds, U.S. government and agency mortgage-backed securities, and corporate debt securities.

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Security fair value measurements using significant inputs that are unobservable in the market due to limited activity or a less liquid market are classified as Level 3 in the fair value hierarchy. Such measurements include securities valued using internal models or combination of multiple valuation techniques such as weighting of internal models and vendor or broker pricing, where the unobservable inputs are significant to the overall fair value measurement. Securities classified as Level 3 include certain residential and commercial mortgage-backed securities, asset-backed securities collateralized by auto leases and cash reserves, collateralized debt obligations (CDOs) and collateralized loan obligations (CLOs), and certain residual and retained interests in residential mortgage loan securitizations. CDOs are valued using the prices of similar instruments, the pricing of completed or pending third party transactions or the pricing of the underlying collateral within the CDO. Where prices are not readily available, management s best estimate is used.

Mortgages held for sale (MHFS)

We elected to carry our new prime residential MHFS portfolio at fair value in accordance with fair value option accounting guidance. The remaining MHFS are carried at the lower of cost or market value. Fair value is based on independent quoted market prices, where available, or the prices for other mortgage whole loans with similar characteristics. As necessary, these prices are adjusted for typical securitization activities, including servicing value, portfolio composition, market conditions and liquidity. Most of our MHFS are classified as Level 2. For the portion where market pricing data is not available, we use a discounted cash flow model to estimate fair value and, accordingly, classify as Level 3.

Loans held for sale (LHFS)

Loans held for sale are carried at the lower of cost or market value, or at fair value for certain portfolios that we intend to hold for trading purposes. The fair value of LHFS is based on what secondary markets are currently offering for portfolios with similar characteristics. As such, we classify those loans subjected to nonrecurring fair value adjustments as Level 2.

Loans

For the carrying value of loans, including PCI loans, see Note 1 (Summary of Significant Accounting Policies Loans) to Financial Statements in the 2008 Form 10-K. We do not record loans at fair value on a recurring basis. As such, valuation techniques discussed herein for loans are primarily for estimating fair value for financial instruments in accordance with FASB ASC 825-10. However, from time to time, we record nonrecurring fair value adjustments to loans to reflect (1) partial write-downs that are based on the observable market price or current appraised value of the collateral, or (2) the full charge-off of the loan carrying value.

The fair value estimates for financial instruments differentiate loans based on their financial characteristics, such as product classification, loan category, pricing features and remaining maturity. Prepayment and credit loss estimates are evaluated by product and loan rate.

The fair value of commercial and commercial real estate and foreign loans is calculated by discounting contractual cash flows, adjusted for credit loss estimates, using discount rates that reflect our current pricing for loans with similar characteristics and remaining maturity.

For real estate 1-4 family first and junior lien mortgages, fair value is calculated by discounting contractual cash flows, adjusted for prepayment and credit loss estimates, using discount rates based on current industry pricing (where readily available) or our own estimate of an appropriate risk-adjusted discount rate for loans of similar size, type, remaining maturity and repricing characteristics.

For credit card loans, the portfolio s yield is equal to our current pricing and, therefore, the fair value is equal to book value adjusted for estimates of credit losses inherent in the portfolio at the balance sheet date.
For all other consumer loans, the fair value is generally calculated by discounting the contractual cash flows, adjusted for prepayment and credit loss estimates, based on the current rates we offer for loans with similar characteristics.
Loan commitments, standby letters of credit and commercial and similar letters of credit are not included in the table on page 128. These instruments generate ongoing fees at our current pricing levels, which are recognized over the term of the commitment period. In situations where the credit quality of the counterparty to a commitment has declined, we record a reserve. A reasonable estimate of the fair value of these instruments is the carrying value of deferred fees plus the related reserve. This amounted to $704 million at September 30, 2009, and $719 million at December 31, 2008. Certain letters of credit that are hedged with derivative instruments are carried at fair value in trading assets or liabilities. For those letters of credit fair value is calculated based on readily quotable credit default spreads, using a market risk credit default swap model.
Derivatives
Quoted market prices are available and used for our exchange-traded derivatives, such as certain interest rate futures and option contracts, which we classify as Level 1. However, substantially all of our derivatives are traded in over-the-counter (OTC) markets where quoted market prices are not readily available. OTC derivatives are valued using internal valuation techniques. Valuation techniques and inputs to internally-developed models depend on the type of derivative and nature of the underlying rate, price or index upon which the derivative s value is based. Key inputs can include yield curves, credit curves, foreign-exchange rates, prepayment rates, volatility measurements and correlation of such inputs. Where model inputs can be observed in a liquid market and the model does not require significant judgment, such derivatives are typically classified as Level 2 of the fair value hierarchy. Examples of derivatives classified as Level 2 include generic interest rate swaps, foreign currency swaps, commodity swaps, and option contracts. When instruments are traded in less liquid markets and significant inputs are unobservable, such derivatives are classified as Level 3. Examples of derivatives classified as Level 3 include complex and highly structured derivatives, credit default swaps, interest rate lock commitments written for our residential mortgage loans that we intend to sell and long dated equity options where volatility is not observable. Additionally, significant judgments are required when classifying financial instruments within the fair value hierarchy, particularly between Level 2 and 3, as is the case for certain derivatives.
Mortgage servicing rights and certain other interests held in securitizations
Mortgage servicing rights (MSRs) and certain other interests held in securitizations (e.g., interest-only strips) do not trade in an active market with readily observable prices. Accordingly, we determine the fair value of MSRs using a valuation model that calculates the present value of estimated future net servicing income. The model incorporates assumptions that market participants use in estimating future net servicing income, including estimates of prepayment speeds (including housing price volatility), discount rate, cost to service (including delinquency and foreclosure costs), escrow account earnings, contractual servicing fee income, ancillary income and late fees. Commercial MSRs are carried at lower of cost or market value, and therefore can be subject to fair value measurements on a nonrecurring basis. For other interests held in securitizations (such as interest-only strips) we use a valuation model that calculates the present value of estimated future cash flows. The model incorporates our own estimates of assumptions market participants use in determining the fair value, including estimates of prepayment speeds, discount rates, defaults and contractual fee income. Interest-only strips are recorded as trading assets. Fair value

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measurements of our MSRs and interest-only strips use significant unobservable inputs and, accordingly, we classify as Level 3.

Foreclosed assets

Foreclosed assets include foreclosed properties securing residential, auto and Government National Mortgage Association loans. Foreclosed assets are adjusted to fair value less costs to sell upon transfer of the loans to foreclosed assets. Subsequently, foreclosed assets are carried at the lower of carrying value or fair value less costs to sell. Fair value is generally based upon independent market prices or appraised values of the collateral and, accordingly, we classify foreclosed assets as Level 2.

Nonmarketable equity investments

Nonmarketable equity investments are recorded under the cost or equity method of accounting. Nonmarketable equity securities that fall within the scope of the American Institute of Certified Public Accountants (AICPA) Investment Company Audit Guide are carried at fair value (principal investments). There are generally restrictions on the sale and/or liquidation of these investments, including federal bank stock. Federal bank stock carrying value approximates fair value. We use facts and circumstances available to estimate the fair value of our nonmarketable equity investments. We typically consider our access to and need for capital (including recent or projected financing activity), qualitative assessments of the viability of the investee, evaluation of the financial statements of the investee and prospects for its future. Principal investments, including certain public equity and non-public securities and certain investments in private equity funds, are recorded at fair value with realized and unrealized gains and losses included in gains and losses on equity investments in the income statement, and are included in other assets in the balance sheet. Public equity investments are valued using quoted market prices and discounts are only applied when there are trading restrictions that are an attribute of the investment. Investments in non-public securities are recorded at our estimate of fair value using metrics such as security prices of comparable public companies, acquisition prices for similar companies and original investment purchase price multiples, while also incorporating a portfolio company s financial performance and specific factors. For investments in private equity funds, we use the net asset value (NAV) provided by the fund sponsor as an appropriate measure of fair value. In some cases, such NAVs require adjustments based on certain unobservable inputs.

Liabilities

Deposit liabilities

Deposit liabilities are carried at historical cost. The Financial Instruments topic of the Codification states that the fair value of deposits with no stated maturity, such as noninterest-bearing demand deposits, interest-bearing checking, and market rate and other savings, is equal to the amount payable on demand at the measurement date. The fair value of other time deposits is calculated based on the discounted value of contractual cash flows. The discount rate is estimated using the rates currently offered for like wholesale deposits with similar remaining maturities.

Short-term financial liabilities

Short-term financial liabilities are carried at historical cost and include federal funds purchased and securities sold under repurchase agreements, commercial paper and other short-term borrowings. The carrying amount is a reasonable estimate of fair value because of the relatively short time between the origination of the instrument and its expected realization.

Other liabilities

Other liabilities recorded at fair value on a recurring basis, excluding derivative liabilities (see the *Derivatives* section for derivative liabilities), includes short sale liabilities and repurchase obligations (due to standard representations and warranties) under our residential mortgage loan contracts. Short sale liabilities are classified as either Level 1 or Level 2, generally dependent upon whether the underlying securities have readily obtained quoted prices in active exchange markets. The value of the repurchase obligations is determined using a cash flow valuation technique consistent with what market participants would use in estimating the fair value. Key assumptions in the valuation process are estimates for repurchase demands and losses subsequent to repurchase. Such assumptions are unobservable and, accordingly, we classify repurchase obligations as Level 3.

Long-term debt

Long-term debt is carried at amortized cost. However, we are required to estimate the fair value of long-term debt in accordance with FASB ASC 825-10. Generally, the discounted cash flow method is used to estimate the fair value of our long-term debt. Contractual cash flows are discounted using rates currently offered for new notes with similar remaining maturities and, as such, these discount rates include our current spread levels. The fair value estimates generated are corroborated against observable market prices. For foreign-currency denominated debt, we estimate fair value based upon observable market prices for the instruments.

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The table below presents the balances of assets and liabilities measured at fair value on a recurring basis.

(in millions)	Level 1	Level 2	Level 3	Netting (1)	Total
Balance at December 31, 2008					
Trading assets (excluding derivatives)	$ 911	16,045	3,495		20,451
Derivatives (trading assets)	331	174,355	7,897	(148,150)	34,433
Securities of U.S. Treasury and federal agencies	3,177	72			3,249
Securities of U.S. states and political subdivisions	1	11,754	903		12,658
Mortgage-backed securities:					
Federal agencies		66,430	4		66,434
Residential		21,320	3,510		24,830
Commercial		8,192	286		8,478
Total mortgage-backed securities		95,942	3,800		99,742
Corporate debt securities		6,642	282		6,924
Collateralized debt obligations		2	2,083		2,085
Other		7,976	12,799		20,775
Total debt securities	3,178	122,388	19,867		145,433
Marketable equity securities:					
Perpetual preferred securities	886	1,065	2,775		4,726
Other marketable equity securities	1,099	261	50		1,410
Total marketable equity securities	1,985	1,326	2,825		6,136
Total securities available for sale	5,163	123,714	22,692		151,569
Mortgages held for sale		14,036	4,718		18,754
Loans held for sale		398			398
Mortgage servicing rights (residential)			14,714		14,714
Other assets (2)	3,975	21,751	2,041	(20,540)	7,227
Total	$ 10,380	350,299	55,557	(168,690)	247,546
Other liabilities (3)	$ (4,815)	(187,098)	(9,308)	182,435	(18,786)
Balance at September 30, 2009					
Trading assets (excluding derivatives)	**$ 2,950**	**17,562**	**2,493**		**23,005**
Derivatives (trading assets)	**366**	**91,842**	**5,792**	**(77,807)**	**20,193**
Securities of U.S. Treasury and federal agencies	**1,228**	**1,268**			**2,496**

Securities of U.S. states and political subdivisions	**4**	**12,664**	**962**		**13,630**
Mortgage-backed securities:					
Federal agencies		**87,503**			**87,503**
Residential		**31,686**	**2,406**		**34,092**
Commercial		**9,404**	**1,860**		**11,264**
Total mortgage-backed securities		**128,593**	**4,266**		**132,859**
Corporate debt securities		**8,957**	**245**		**9,202**
Collateralized debt obligations			**3,263**		**3,263**
Other		**3,289**	**13,170**		**16,459**
Total debt securities	**1,232**	**154,771**	**21,906**		**177,909**
Marketable equity securities:					
Perpetual preferred securities	**775**	**809**	**2,489**		**4,073**
Other marketable equity securities	**1,475**	**344**	**13**		**1,832**
Total marketable equity securities	**2,250**	**1,153**	**2,502**		**5,905**
Total securities available for sale	**3,482**	**155,924**	**24,408**		**183,814**
Mortgages held for sale		**29,561**	**3,874**		**33,435**
Loans held for sale		**201**			**201**
Mortgage servicing rights (residential)			**14,500**		**14,500**
Other assets (2)	**2,357**	**15,084**	**1,888**	**(8,832)**	**10,497**
Total	**$ 9,155**	**310,174**	**52,955**	**(86,639)**	**285,645**
Other liabilities (3)	**$ (7,064)**	**(103,755)**	**(7,855)**	**95,208**	**(23,466)**

(1) Derivatives are reported net of cash collateral received and paid and, to the extent that the criteria of the accounting guidance covering the offsetting of amounts related to certain contracts are met, positions with the same counterparty are netted as part of

a legally enforceable master netting agreement.

(2) Derivative assets other than trading and principal investments are included in this category.

(3) Derivative liabilities are included in this category.

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The changes in Level 3 assets and liabilities measured at fair value on a recurring basis are summarized as follows:

(in millions)	Balance, beginning of period	Total net gains (losses) included in Net income	Total net gains (losses) included in Other comprehensive income	Purchases, sales, issuances and settlements, net	Net transfers into and/ or out of Level 3(1)	Balance, end of period	Net unrealized gains (losses) included in net income related to assets and liabilities held at period end(2)
Quarter ended September 30, 2008							
Trading assets (excluding derivatives)	$ 547	(90)		(4)		453	(72)(3)
Securities available for sale:							
Securities of U.S. states and political subdivisions	443	(2)	(18)	(22)		401	
Mortgage-backed securities:							
Federal agencies	7					7	
Residential	450	(29)	(65)	(10)	439	785	(26)
Commercial		(23)	(19)	(4)	343	297	
Total mortgage-backed securities	457	(52)	(84)	(14)	782	1,089	(26)
Corporate debt securities				101		101	
Collateralized debt obligations		(118)	(68)	169	836	819	
Other	7,703	(9)	151	858	(1,162)	7,541	
Total debt securities	8,603	(181)	(19)	1,092	456	9,951	(26)
Marketable equity securities:							
Perpetual preferred securities	1					1	

Other marketable equity securities							
Total marketable equity securities	1					1	
Total securities available for sale	$ 8,604	(181)	(19)	1,092	456	9,952	(26)
Mortgages held for sale	$ 5,276	14		(76)	(59)	5,155	12(4)
Mortgage servicing rights (residential)	19,333	(1,057)		908		19,184	(546)(4)
Net derivative assets and liabilities	(47)	(41)	1	(24)		(111)	(105)(4)
Other assets (excluding derivatives)							
Other liabilities (excluding derivatives)	(357)	(83)		28		(412)	(82)
Quarter ended September 30, 2009							
Trading assets (excluding derivatives)	**$ 2,475**	**149**		**(138)**	**7**	**2,493**	**100(3)**
Securities available for sale:							
Securities of U.S. states and political subdivisions	**905**	**2**	**32**	**1**	**22**	**962**	**3**
Mortgage-backed securities:							
Federal agencies							
Residential	**5,913**	**(25)**	**216**	**(135)**	**(3,563)**	**2,406**	**(51)**
Commercial	**2,615**	**(1)**	**181**	**(28)**	**(907)**	**1,860**	**(44)**
Total mortgage-backed securities	**8,528**	**(26)**	**397**	**(163)**	**(4,470)**	**4,266**	**(95)**
Corporate debt securities	**286**		**(12)**	**18**	**(47)**	**245**	
Collateralized debt obligations	**2,748**	**17**	**369**	**129**		**3,263**	**(16)**
Other	**15,718**	**44**	**238**	**(428)**	**(2,402)**	**13,170**	**(33)**
Total debt securities	**28,185**	**37**	**1,024**	**(443)**	**(6,897)**	**21,906**	**(141)**

Marketable equity securities:							
Perpetual preferred securities	**2,716**	**10**	**54**	**(322)**	**31**	**2,489**	
Other marketable equity securities	**127**		**(3)**	**(32)**	**(79)**	**13**	
Total marketable equity securities	**2,843**	**10**	**51**	**(354)**	**(48)**	**2,502**	
Total securities available for sale	**$ 31,028**	**47**	**1,075**	**(797)**	**(6,945)**	**24,408**	**(141)**
Mortgages held for sale	**$ 4,099**	**(64)**		**(191)**	**30**	**3,874**	**(67)(4)**
Mortgage servicing rights (residential)	**15,690**	**(2,707)**		**1,517**		**14,500**	**(2,078)(4)**
Net derivative assets and liabilities	**(206)**	**1,085**	**(1)**	**(952)**	**(288)**	**(362)**	**274(4)**
Other assets (excluding derivatives)	**1,226**	**(9)**		**7**		**1,224**	**(13)(4)**
Other liabilities (excluding derivatives)	**(852)**	**(137)**		**(40)**	**(8)**	**(1,037)**	**(144)**

(1) The amounts presented as transfers into and out of Level 3 represent fair value as of the beginning of the period presented.

(2) Represents only net gains (losses) that are due to changes in economic conditions and management s estimates of fair value and excludes changes due to the collection/realization of cash flows over time.

(3) Included in other noninterest income in the income statement.

(4) Included in mortgage banking in the income statement.

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(in millions)	Balance, beginning of period	Total net gains (losses) included in Net income	Total net gains (losses) included in Other comprehensive income	Purchases, sales, issuances and settlements, net	Net transfers into and/ or out of Level 3(1)	Balance, end of period	Net unrealized gains (losses) included in net income related to assets and liabilities held at period end(2)
Nine months ended September 30, 2008							
Trading assets (excluding derivatives)	$ 418	23		12		453	93(3)
Securities available for sale:							
Securities of U.S. states and political subdivisions	168	(2)	(36)	(7)	278	401	
Mortgage-backed securities:							
Federal agencies					7	7	
Residential	486	(106)	(90)	51	444	785	(94)
Commercial		(23)	(19)	(4)	343	297	
Total mortgage-backed securities	486	(129)	(109)	47	794	1,089	(94)
Corporate debt securities				101		101	
Collateralized debt obligations		(118)	(68)	169	836	819	
Other	4,726	(9)	(146)	2,689	281	7,541	
Total debt securities	5,380	(258)	(359)	2,999	2,189	9,951	(94)
Marketable equity securities:							
Perpetual preferred securities							
Other marketable equity securities	1					1	
Total marketable equity securities	1					1	
Total securities available for sale	$ 5,381	(258)	(359)	2,999	2,189	9,952	(94)
Mortgages held for sale	$ 146	(34)		714	4,329	5,155	(33)(4)
Mortgage servicing rights (residential)	16,763	(143)		2,564		19,184	1,796(4)(5)
Net derivative assets and liabilities	6	(531)	1	413		(111)	(113)(4)
Other assets (excluding derivatives)							

Other liabilities (excluding derivatives)	(280)	(184)		52		(412)	(184)
Nine months ended September 30, 2009							
Trading assets (excluding derivatives)	**$ 3,495**	**191**		**(1,536)**	**343**	**2,493**	**252(3)**
Securities available for sale:							
Securities of U.S. states and political subdivisions	**903**	**20**	**45**	**47**	**(53)**	**962**	**(6)**
Mortgage-backed securities:							
Federal agencies	**4**				**(4)**		
Residential	**3,510**	**(55)**	**1,100**	**(723)**	**(1,426)**	**2,406**	**(202)**
Commercial	**286**	**(119)**	**928**	**21**	**744**	**1,860**	**(55)**
Total mortgage-backed securities	**3,800**	**(174)**	**2,028**	**(702)**	**(686)**	**4,266**	**(257)**
Corporate debt securities	**282**	**2**	**44**	**(5)**	**(78)**	**245**	
Collateralized debt obligations	**2,083**	**72**	**558**	**233**	**317**	**3,263**	**(71)**
Other	**12,799**	**73**	**1,302**	**1,229**	**(2,233)**	**13,170**	**(87)**
Total debt securities	**19,867**	**(7)**	**3,977**	**802**	**(2,733)**	**21,906**	**(421)**
Marketable equity securities:							
Perpetual preferred securities	**2,775**	**96**	**169**	**(556)**	**5**	**2,489**	**(1)**
Other marketable equity securities	**50**		**(4)**	**30**	**(63)**	**13**	
Total marketable equity securities	**2,825**	**96**	**165**	**(526)**	**(58)**	**2,502**	**(1)**
Total securities available for sale	**$ 22,692**	**89**	**4,142**	**276**	**(2,791)**	**24,408**	**(422)**
Mortgages held for sale	**$ 4,718**	**(66)**		**(662)**	**(116)**	**3,874**	**(77)(4)**
Mortgage servicing rights (residential)	**14,714**	**(5,293)**		**5,079**		**14,500**	**(2,586)(4)**
Net derivative assets and liabilities	**37**	**1,079**	**(1)**	**(1,454)**	**(23)**	**(362)**	**(252)(4)**
Other assets (excluding derivatives)	**1,231**	**(42)**		**35**		**1,224**	**(40)(4)**
Other liabilities (excluding derivatives)	**(638)**	**(315)**		**(74)**	**(10)**	**(1,037)**	**(318)**

(1) The amounts presented as transfers into and out of Level 3 represent fair value as of the beginning of the period presented.

(2) Represents only net gains (losses) that are due to changes in economic conditions and management s estimates of fair value and excludes changes due to the collection/realization

of cash flows over time.

(3) Included in other noninterest income in the income statement.

(4) Included in mortgage banking in the income statement.

(5) Represents total unrealized gains of $1,788 million, net of losses of $8 million related to sales, in the first nine months of 2008.

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For certain assets and liabilities, we obtain fair value measurements from independent brokers or independent third party pricing services and record the unadjusted fair value in our financial statements. The detail by level is shown in the table below. Fair value measurements obtained from independent brokers or independent third party pricing services that we have adjusted to determine the fair value recorded in our financial statements are not included in the table below.

	Independent brokers			Third party pricing services		
(in millions)	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
December 31, 2008						
Trading assets (excluding derivatives)	$ 190	3,272	12	917	1,944	110
Derivatives (trading and other assets)	3,419	106	106	605	4,635	
Securities available for sale	181	8,916	1,681	3,944	109,170	8
Loans held for sale		1			353	
Other liabilities	1,105	175	128	2,208	5,171	1
September 30, 2009						
Trading assets (excluding derivatives)	**$ 572**	**3,590**		**28**	**2,948**	**38**
Derivatives (trading and other assets)		**9**	**46**		**2,841**	**2**
Securities available for sale	**496**	**2,104**	**441**	**1,666**	**117,275**	**777**
Loans held for sale					**2**	
Derivatives (liabilities)			**70**		**2,912**	**4**
Other liabilities	**296**	**732**		**10**	**2,817**	**46**

We may be required, from time to time, to measure certain assets at fair value on a nonrecurring basis in accordance with GAAP. These adjustments to fair value usually result from application of lower-of-cost-or-market accounting or write-downs of individual assets. For assets measured at fair value on a nonrecurring basis during the nine months ended September 30, 2009, and year ended December 31, 2008, that were still held in the balance sheet at each respective period end, the following table provides the fair value hierarchy and the carrying value of the related individual assets or portfolios at quarter end.

	Carrying value at period end			
(in millions)	Level 1	Level 2	Level 3	Total
December 31, 2008				
Mortgages held for sale	$	521	534	1,055
Loans held for sale		338		338

Loans (1)			1,487	107	1,594
Private equity investments		134		18	152
Foreclosed assets (2)			274	55	329
Operating lease assets			186		186
September 30, 2009					
Mortgages held for sale	**$**		**1,058**	**703**	**1,761**
Loans held for sale			**489**		**489**
Loans (1)			**4,383**	**251**	**4,634**
Private equity investments				**39**	**39**
Foreclosed assets (2)			**237**	**44**	**281**
Operating lease assets			**127**		**127**

(1) Represents carrying value of loans for which adjustments are based on the appraised value of the collateral. The carrying value of loans fully charged-off, which includes unsecured lines and loans, is zero.

(2) Represents the fair value of foreclosed real estate and other collateral owned that were measured at fair value subsequent to their initial classification as foreclosed assets.

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The following table presents the increase (decrease) in value of certain assets that are measured at fair value on a nonrecurring basis for which a fair value adjustment has been included in the income statement, relating to assets held at period end.

(in millions)	Nine months ended Sept. 30, **2009**	2008
Mortgages held for sale	**$ (12)**	(153)
Loans held for sale	**143**	(25)
Loans (1)	**(9,692)**	(4,167)
Private equity investments	**(89)**	(29)
Foreclosed assets (2)	**(125)**	(136)
Operating lease assets	**(12)**	(6)
Total	**$ (9,787)**	(4,516)

(1) Represents write-downs of loans based on the appraised value of the collateral.
(2) Represents the losses on foreclosed real estate and other collateral owned that were measured at fair value subsequent to their initial classification as foreclosed assets.

Fair Value Option

The following table reflects the differences between fair value carrying amount of MHFS for which we have elected the fair value option and the aggregate unpaid principal amount we are contractually entitled to receive at maturity.

	Sept. 30, 2009		Dec. 31, 2008	
	Aggregate	**Fair value carrying amount less aggregate**	Aggregate	Fair value carrying amount less aggregate

(in millions)	**Fair value carrying amount**	**unpaid principal**	**unpaid principal**	Fair value carrying amount	unpaid principal	unpaid principal
Mortgages held for sale reported at fair value:						
Total loans	**$ 33,435**	**33,144**	**291(1)**	18,754	18,862	(108)(1)
Nonaccrual loans	**277**	**566**	**(289)**	152	344	(192)
Loans 90 days or more past due and still accruing	**63**	**73**	**(10)**	58	63	(5)
Loans held for sale reported at fair value:						
Total loans	**201**	**194**	**7**	398	760	(362)
Nonaccrual loans	**1**	**2**	**(1)**	1	17	(16)

(1) The difference between fair value carrying amount and aggregate unpaid principal includes changes in fair value recorded at and subsequent to funding, gains and losses on the related loan commitment prior to funding, and premiums on acquired loans.

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The assets accounted for under the fair value option are initially measured at fair value. Gains and losses from initial measurement and subsequent changes in fair value are recognized in earnings. The changes in fair values related to initial measurement and subsequent changes in fair value included in earnings for these assets measured at fair value are shown, by income statement line item, below.

	2009			2008	
(in millions)	**Mortgages held for sale**	**Loans held for sale**	**Other interests held**	Mortgages held for sale	Other interests held
Quarter ended September 30,					
Mortgage banking noninterest income:					
Net gains on mortgage loan origination/sales activities (1)	**$ 1,541**			595	
Other noninterest income		**1**	**4**		(88)
Nine months ended September 30,					
Mortgage banking noninterest income:					
Net gains on mortgage loan origination/sales activities (1)	**$ 3,834**			1,444	
Other noninterest income		**93**	**83**		27

(1) Includes changes in fair value of servicing associated with MHFS.

Interest income on MHFS measured at fair value is calculated based on the note rate of the loan and is recorded in interest income in the income statement.

For MHFS that are accounted for under the fair value option, the estimated amount of losses included in earnings attributable to instrument-specific credit risk was $82 million and $200 million for the third quarter and nine months ended September 30, 2009, respectively, and $57 million and $195 million for the third quarter and nine months ended September 30, 2008, respectively. For performing loans, instrument-specific credit risk gains or losses were derived principally by determining the change in fair value of the loans due to changes in the observable or implied credit spread. Credit spread is the market yield on the loans less the relevant risk-free benchmark interest rate. Since the second half of 2007, spreads have been significantly impacted by the lack of liquidity in the secondary market for mortgage loans. For nonperforming loans, we attribute all changes in fair value to instrument-specific credit risk.

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Disclosures about Fair Value of Financial Instruments

The table below is a summary of fair value estimates for financial instruments, excluding short-term financial assets and liabilities because carrying amounts approximate fair value, and excluding financial instruments recorded at fair value on a recurring basis. The carrying amounts in the following table are recorded in the balance sheet under the indicated captions.

In accordance with FASB ASC 825-10, we have not included assets and liabilities that are not financial instruments in our disclosure, such as the value of the long-term relationships with our deposit, credit card and trust customers, amortized MSRs, premises and equipment, goodwill and other intangibles, deferred taxes and other liabilities. The total of the fair value calculations presented does not represent, and should not be construed to represent, the underlying value of the Company.

The carrying amount of loans at December 31, 2008, in the table below includes $443,480 million acquired from Wachovia. Under the purchase method of accounting, these loans were recorded at fair value upon acquisition, and accordingly, the carrying value and fair value at December 31, 2008 were the same. Although the purchase accounting adjustments for the acquired Wachovia loans included a write-down on PCI loans, the carrying amount was also increased to reflect the decline in interest rates at the time of acquisition in relation to the previous contractual rates on the loans. A decline in interest rates increases the fair value of loans in relation to the carrying amount except when the carrying amount has already been increased to reflect the reduction in interest rates, as was the case for Wachovia s loan portfolio as of December 31, 2008.

	Sept. 30, 2009		Dec. 31, 2008	
(in millions)	**Carrying amount**	**Estimated fair value**	Carrying amount	Estimated fair value
Financial assets				
Mortgages held for sale (1)	**$ 2,103**	**2,103**	1,334	1,333
Loans held for sale (2)	**5,645**	**5,761**	5,830	5,876
Loans, net	**775,924**	**753,821**	843,817	829,603
Nonmarketable equity investments (cost method)	**8,934**	**9,002**	9,146	9,262
Financial liabilities				
Deposits	**796,748**	**797,389**	781,402	781,964
Long-term debt (3)	**214,216**	**214,684**	267,055	266,023

(1) Balance excludes mortgages held for sale for which the fair value option under ASC 825-10 was elected, and therefore includes nonprime residential and commercial mortgages held for sale.

(2) Balance excludes loans held for sale for which the fair value option under ASC 825-10 was elected.

(3) The carrying amount and fair value exclude obligations under capital leases of $76 million at September 30, 2009, and $103 million at December 31, 2008.

The carrying amount and estimated fair value for loans at September 30, 2009, were lower than at December 31, 2008, primarily because total loans outstanding declined in the first nine months of 2009.

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13. PREFERRED STOCK

We are authorized to issue 20 million shares of preferred stock and 4 million shares of preference stock, both without par value. Preferred shares outstanding rank senior to common shares both as to dividends and liquidation preference but have no general voting rights. We have not issued any preference shares under this authorization.

The following table provides detail of preferred stock.

			Sept. 30, 2009		Dec. 31, 2008	
(in millions, except shares)	**Shares issued and outstanding**	**Par value**	**Carrying value**	**Discount**	Carrying value	Discount
Series D (1) Fixed Rate Cumulative Perpetual Preferred Stock, Series D, $1,000,000 liquidation preference per share, 25,000 shares authorized	**25,000**	**$ 25,000**	**23,039**	**1,961**	22,741	2,259
DEP Shares Dividend Equalization Preferred Shares, $10 liquidation preference per share, 97,000 shares authorized	**96,546**					
Series J (1)(2) 8.00% Non-Cumulative Perpetual Class A Preferred Stock, Series J, $1,000 liquidation preference per share, 2,300,000 shares authorized	**2,150,375**	**2,150**	**1,995**	**155**	1,995	155
Series K (1)(2) 7.98% Fixed-to-Floating Non-Cumulative Perpetual Class A Preferred Stock, Series K, $1,000 liquidation preference per share, 3,500,000 shares authorized	**3,352,000**	**3,352**	**2,876**	**476**	2,876	476
Series L (1)(2) 7.50% Non-Cumulative Perpetual Convertible Class A Preferred Stock, Series L, $1,000 liquidation preference per share, 4,025,000 shares authorized	**3,968,000**	**3,968**	**3,200**	**768**	3,200	768

Total	**9,591,921**	**$ 34,470**	**31,110**	**3,360**	30,812	3,658

(1) Series D, J, K and L preferred shares qualify as Tier 1 capital.

(2) In conjunction with the acquisition of Wachovia, at December 31, 2008, shares of Series J, K and L perpetual preferred stock were converted into shares of a corresponding series of Wells Fargo preferred stock having substantially the same rights and preferences. The carrying value is par value adjusted to fair value in purchase accounting.

In addition to the preferred stock issued and outstanding described in the table above, we have the following preferred stock authorized with no shares issued and outstanding:

Series A Non-Cumulative Perpetual Preferred Stock, Series A, $100,000 liquidation preference per share, 25,001 shares authorized

Series B Non-Cumulative Perpetual Preferred Stock, Series B, $100,000 liquidation preference per share, 17,501 shares authorized

Series G 7.25% Class A Preferred Stock, Series G, $15,000 liquidation preference per share, 50,000 shares authorized

Series H Floating Class A Preferred Stock, Series H, $20,000 liquidation preference per share, 50,000 shares authorized

Series I 5.80% Fixed to Floating Class A Preferred Stock, Series I, $100,000 liquidation preference per share, 25,010 shares authorized

Preferred Stock Issued to the Department of the Treasury On October 28, 2008, we issued to the United States Department of the Treasury 25,000 shares of our Fixed Rate Cumulative Perpetual Preferred Stock, Series D without par value, having a liquidation preference per share equal to $1,000,000. The Series D Preferred Stock pays cumulative dividends at a rate of 5% per year for the first five years and thereafter at a rate of 9% per year. After three years, we may, at our option, subject to any necessary bank regulatory approval, redeem the Series D Preferred Stock at par value plus accrued and unpaid dividends. The Series D Preferred Stock is generally non-voting. Prior to October 2011, unless we have redeemed the Series D Preferred Stock or the Treasury has transferred all of the Series D Preferred Stock to third parties, the consent of the Treasury will be required for us to increase our common stock dividend (currently $0.05 per share per quarter), or repurchase our common stock or other equity or capital securities, other than in connection with benefit plans consistent with past practice and certain other circumstances specified in the Securities Purchase Agreement with the Treasury. Treasury, as part of the preferred stock issuance, received warrants to purchase approximately 110.3 million shares of Wells Fargo common stock at an initial exercise price of $34.01 (based on the trailing 20-day Wells Fargo average stock price as of October 10, 2008). The proceeds from Treasury were allocated based on the relative fair value of the warrants as compared with the fair value of the preferred stock. The fair value of the warrants was determined using a third party proprietary pricing model that produces results similar to the Black-Scholes model and incorporates a valuation model that incorporates assumptions including our common stock price, dividend yield, stock price volatility and the risk-free interest rate. We determined the fair value of the preferred stock based on assumptions regarding the discount rate (market rate) on the preferred stock, which we estimated to be approximately 13% at the date of issuance. The discount on the preferred stock is being accreted to par value using a constant effective yield of 7.2% over a five-year term, which is the expected life of the preferred stock.

In addition, we hold shares of our ESOP (Employee Stock Ownership Plan) Cumulative Convertible Preferred Stock (ESOP Preferred Stock) that were issued to a trustee acting on behalf of the Wells Fargo & Company 401(k) Plan. The following table provides detail of our ESOP Preferred Stock.

	Shares issued and outstanding		Carrying value		Adjustable dividend rate	
(in millions, except shares)	**Sept. 30, 2009**	Dec. 31, 2008	**Sept. 30, 2009**	Dec. 31, 2008	Minimum	Maximum
ESOP Preferred Stock (1)						
2008	**127,418**	156,914	**$ 127**	157	10.50%	11.50
2007	**106,624**	110,159	**107**	110	10.75	11.75
2006	**80,572**	83,249	**81**	83	10.75	11.75
2005	**60,437**	62,484	**61**	63	9.75	10.75
2004	**44,425**	45,950	**44**	46	8.50	9.50
2003	**28,250**	29,218	**28**	29	8.50	9.50
2002	**18,249**	18,889	**18**	19	10.50	11.50
2001	**10,073**	10,393	**10**	10	10.50	11.50
2000	**2,572**	2,644	**3**	3	11.50	12.50
Total ESOP Preferred Stock	**478,620**	519,900	**$ 479**	520		
Unearned ESOP shares (2)			**$ (511)**	(555)		

(1) Liquidation preference $1,000. Additional paid-in capital included $32 million at September 30, 2009, and $35 million at December 31, 2008, related to preferred stock.

(2) We recorded a corresponding charge to unearned ESOP shares in connection with the issuance of the ESOP Preferred Stock. The unearned ESOP shares are reduced as shares of the ESOP Preferred Stock are committed to be released.

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14. EMPLOYEE BENEFITS

We sponsor noncontributory qualified defined benefit retirement plans including the Wells Fargo & Company Cash Balance Plan (Cash Balance Plan), which covers eligible employees of legacy Wells Fargo, and the Wachovia Corporation Pension Plan (Pension Plan), a cash balance plan that covers eligible employees of the Wachovia Corporation.

The net periodic benefit cost was:

			2009			2008
	Pension benefits			Pension benefits		
(in millions)	**Qualified**	**Non-qualified**	**Other benefits**	Qualified	Non-qualified	Other benefits
Quarter ended September 30,						
Service cost	**$ 2**		**4**	73	4	3
Interest cost	**150**	**11**	**20**	69	5	10
Expected return on plan assets	**(160)**		**(7)**	(119)		(10)
Amortization of net actuarial loss (1)	**20**				3	
Amortization of prior service cost			**(1)**		(1)	(1)
Curtailment gain						
Net periodic benefit cost	**$ 12**	**11**	**16**	23	11	2
Nine months ended September 30,						
Service cost	**$ 209**	**8**	**10**	219	11	10
Interest cost	**444**	**32**	**62**	207	16	30
Expected return on plan assets	**(483)**		**(21)**	(358)		(30)
Amortization of net actuarial loss (1)	**174**	**3**	**2**		10	
Amortization of prior service cost		**(3)**	**(3)**		(4)	(3)
Curtailment gain	**(32)**	**(35)**				
Net periodic benefit cost	**$ 312**	**5**	**50**	68	33	7

(1) Net actuarial loss is generally amortized over five years.

On April 28, 2009, the Board of Directors approved amendments to freeze the benefits earned under the Wells Fargo qualified and supplemental Cash Balance Plans and the Pension Plan, and to merge the Pension Plan into the qualified Cash Balance Plan. These actions became effective on July 1, 2009.

Freezing and merging the above plans resulted in a re-measurement of the pension obligations and plan assets as of April 30, 2009. Freezing and re-measuring decreased the pension obligations by approximately $945 million and decreased cumulative OCI by approximately $725 million pre tax ($456 million after tax) in second quarter 2009. The re-measurement resulted in a decrease in the fair value of plan assets of approximately $150 million. We used a discount rate of 7.75% for the April 30, 2009, re-measurement based on our consistent methodology of determining our discount rate based on an established yield curve developed by our outside actuarial firm. This methodology incorporates a broad group of top quartile Aa or higher rated bonds. We determined the discount rate by matching this yield curve with the timing and amounts of the expected benefit payments for our plans.

As a result of freezing our pension plans, we revised our amortization life for actuarial gains and losses from five years to 13 years to reflect the estimated average remaining participation period.

These actions lowered pension cost by approximately $187 million for third quarter 2009, and $312 million for the first nine months of 2009, which included $67 million of one-time curtailment gains. These actions are expected to reduce pension cost in fourth quarter 2009 by approximately $188 million.

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Although we will not be required to make a contribution in 2009 for the Cash Balance Plan, our decision on how much to contribute, if any, will be based on the maximum deductible contribution under the Internal Revenue Code and other factors, including the actual investment performance of plan assets during 2009. Given these uncertainties, we cannot estimate at this time the amount, if any, that we will contribute in 2009 to the Cash Balance Plan.

15. EARNINGS PER COMMON SHARE

The table below shows earnings per common share and diluted earnings per common share, and reconciles the numerator and denominator of both earnings per common share calculations.

	Quarter ended Sept. 30,		Nine months ended Sept. 30,	
(in millions, except per share amounts)	**2009**	2008	**2009**	2008
Wells Fargo net income (numerator)	**$ 3,235**	1,637	**9,452**	5,389
Less: Preferred stock dividends and accretion	**(598)**		**(1,856)**	
Wells Fargo net income applicable to common stock (numerator)	**$ 2,637**	1,637	**7,596**	5,389
Earnings per common share				
Average common shares outstanding (denominator)	**4,678.3**	3,316.4	**4,471.2**	3,309.6
Per share	**$ 0.56**	0.49	**1.70**	1.63
Diluted earnings per common share				
Average common shares outstanding	**4,678.3**	3,316.4	**4,471.2**	3,309.6
Add: Stock options	**27.7**	14.5	**13.8**	13.7
Restricted share rights	**0.4**	0.1	**0.3**	0.1
Diluted average common shares outstanding (denominator)	**4,706.4**	3,331.0	**4,485.3**	3,323.4
Per share	**$ 0.56**	0.49	**1.69**	1.62

At September 30, 2009, options and warrants to purchase 284.5 million and 110.3 million shares, respectively, were outstanding but not included in the calculation of diluted earnings per common share because the exercise price was higher than the market price, and therefore were antidilutive. At September 30, 2008, options to purchase 173.7 million shares were antidilutive and, accordingly, were not included on a share-equivalent basis in the calculation of diluted earnings per common share.

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16. OPERATING SEGMENTS

As a result of the combination of Wells Fargo and Wachovia, in first quarter 2009, management realigned its segments into the following three lines of business for management reporting: Community Banking; Wholesale Banking; and Wealth, Brokerage and Retirement. The results for these lines of business are based on our management accounting process, which assigns balance sheet and income statement items to each responsible operating segment. This process is dynamic and, unlike financial accounting, there is no comprehensive, authoritative guidance for management accounting equivalent to GAAP. The management accounting process measures the performance of the operating segments based on our management structure and is not necessarily comparable with similar information for other financial services companies. We define our operating segments by product type and customer segment. If the management structure and/or the allocation process changes, allocations, transfers and assignments may change. We revised prior period information to reflect the first quarter 2009 realignment of our operating segments; however, because the acquisition was completed on December 31, 2008, Wachovia s results are not included in the income statement or in average balances for periods prior to 2009.

Community Banking offers a complete line of diversified financial products and services to consumers and small businesses with annual sales generally up to $20 million in which the owner generally is the financial decision maker. Community Banking also offers investment management and other services to retail customers and securities brokerage through affiliates. These products and services include the *Wells Fargo Advantage Funds*SM, a family of mutual funds. Loan products include lines of credit, equity lines and loans, equipment and transportation (recreational vehicle and marine) loans, education loans, origination and purchase of residential mortgage loans and servicing of mortgage loans and credit cards. Other credit products and financial services available to small businesses and their owners include receivables and inventory financing, equipment leases, real estate financing, Small Business Administration financing, venture capital financing, cash management, payroll services, retirement plans, Health Savings Accounts and merchant payment processing. Consumer and business deposit products include checking accounts, savings deposits, market rate accounts, Individual Retirement Accounts, time deposits and debit cards.

Community Banking serves customers through a complete range of channels, including traditional banking stores, in-store banking centers, business centers, ATMs, and *Wells Fargo Customer Connection*, a 24-hours a day, seven days a week telephone service. Online banking services include single sign-on to online banking, bill pay and brokerage, as well as online banking for small business.

Community Banking also includes Wells Fargo Financial consumer finance and auto finance operations. Consumer finance operations make real estate loans to individuals in the United States and the Pacific Rim, and also make direct consumer loans to individuals and purchase sales finance contracts from retail merchants from offices throughout the United States, and in Canada and the Pacific Rim. Auto finance operations specialize in purchasing sales finance contracts directly from auto dealers in Puerto Rico and making loans secured by autos in the United States and Puerto Rico. Wells Fargo Financial also provides credit cards, lease and other commercial financing.

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Wholesale Banking provides financial solutions to businesses across the United States with annual sales generally in excess of $10 million and to financial institutions globally. Wholesale Banking provides a complete line of commercial, corporate, capital markets, cash management and real estate banking products and services. These include traditional commercial loans and lines of credit, letters of credit, asset-based lending, equipment leasing, mezzanine financing, high-yield debt, international trade facilities, trade financing, collection services, foreign exchange services, treasury management, investment management, institutional fixed-income sales, interest rate, commodity and equity risk management, online/electronic products such as the *Commercial Electronic Office*® (*CEO*®) portal, insurance, corporate trust fiduciary and agency services, and investment banking services. Wholesale Banking also supports the commercial real estate market with products and services such as construction loans for commercial and residential development, land acquisition and development loans, secured and unsecured lines of credit, interim financing arrangements for completed structures, rehabilitation loans, affordable housing loans and letters of credit, permanent loans for securitization, commercial real estate loan servicing and real estate and mortgage brokerage services.

Wealth, Brokerage and Retirement provides services including comprehensive planning and advice, investment management, brokerage, private banking, estate planning strategies, trust, insurance and retirement. Wealth Management uses an integrated model to provide affluent and high-net-worth customers with a complete range of wealth management solutions and services. Family Wealth meets the unique needs of ultra-high-net-worth customers managing multi-generational assets those with at least $50 million in assets. Retail Brokerage s financial advisors serve customers advisory, brokerage and financial needs, including investment management, portfolio monitoring and estate planning as part of one of the largest full-service brokerage firms in the United States. They also offer access to banking products, insurance, and investment banking services. First Clearing LLC, our correspondent clearing firm, provides technology, product and other business support to broker-dealers across the United States. Retirement supports individual investors retirement needs and is a leader in 401(k) and pension record keeping, investment services, trust and custody solutions for U.S. companies and their employees. The division also provides investments and executive benefits to institutional clients and delivers reinsurance services to global insurance companies.

Other includes corporate items (such as integration expenses) not specific to a business segment and elimination of certain items that are included in more than one business segment.

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The following table presents certain financial information and related metrics by operating segment and in total for the consolidated company.

(income/expense in millions, average balances in billions)	Community Banking 2009	Community Banking 2008	Wholesale Banking 2009	Wholesale Banking 2008	Wealth, Brokerage and Retirement 2009	Wealth, Brokerage and Retirement 2008	Other (3) 2009	Other (3) 2008	Consolidated Company 2009	Consolidated Company 2008
Quarter ended September 30,										
Net interest income (1)	**$ 8,700**	5,293	**2,535**	1,065	**743**	223	**(294)**	(200)	**11,684**	6,381
Provision for credit losses	**4,572**	2,202	**1,361**	294	**234**	3	**(56)**	(4)	**6,111**	2,495
Noninterest income	**6,443**	3,209	**2,381**	631	**2,223**	458	**(265)**	(302)	**10,782**	3,996
Noninterest expense	**6,802**	3,982	**2,630**	1,329	**2,314**	498	**(62)**	(308)	**11,684**	5,501
Income (loss) before income tax expense (benefit)	**3,769**	2,318	**925**	73	**418**	180	**(441)**	(190)	**4,671**	2,381
Income tax expense (benefit)	**1,046**	764	**325**	(30)	**151**	68	**(167)**	(72)	**1,355**	730
Net income (loss) before noncontrolling interests	**2,723**	1,554	**600**	103	**267**	112	**(274)**	(118)	**3,316**	1,651
Less: Net income from noncontrolling interests	**56**	14	**2**		**23**				**81**	14
Net income (loss) (2)	**$ 2,667**	1,540	**598**	103	**244**	112	**(274)**	(118)	**3,235**	1,637
Average loans	**$ 534.7**	287.1	**247.0**	116.3	**45.4**	15.9	**(16.9)**	(15.1)	**810.2**	404.2
Average assets	**785.2**	452.3	**369.3**	158.1	**108.6**	19.1	**(17.0)**	(15.3)	**1,246.1**	614.2
Average core deposits	**530.3**	252.8	**146.9**	64.4	**116.4**	23.5	**(34.3)**	(20.6)	**759.3**	320.1
Nine months ended September 30,										
Net interest income (1)	**$ 25,981**	15,246	**7,381**	3,116	**2,244**	576	**(782)**	(519)	**34,824**	18,419
Provision for credit losses	**12,840**	6,833	**2,644**	701	**374**	9	**(103)**	(8)	**15,755**	7,535
Noninterest income	**17,922**	10,328	**7,680**	3,170	**6,347**	1,422	**(783)**	(939)	**31,166**	13,981
Noninterest expense	**21,625**	12,187	**7,968**	4,031	**6,822**	1,480	**(216)**	(910)	**36,199**	16,788
Income (loss) before income tax expense (benefit)	**9,438**	6,554	**4,449**	1,554	**1,395**	509	**(1,246)**	(540)	**14,036**	8,077
Income tax expense (benefit)	**2,734**	2,265	**1,590**	385	**531**	193	**(473)**	(205)	**4,382**	2,638
Net income (loss) before noncontrolling interests	**6,704**	4,289	**2,859**	1,169	**864**	316	**(773)**	(335)	**9,654**	5,439
Less: Net income (loss) from noncontrolling interests	**190**	43	**14**	7	**(2)**				**202**	50

Net income (loss) (2)	$	**6,514**	4,246	**2,845**	1,162	**866**	316	**(773)**	(335)	**9,452**	5,389
Average loans	$	**542.7**	284.4	**260.7**	108.3	**46.0**	14.8	**(16.3)**	(14.2)	**833.1**	393.3
Average assets		**794.1**	441.3	**384.8**	149.9	**107.6**	17.9	**(16.4)**	(14.4)	**1,270.1**	594.7
Average core deposits		**537.4**	250.2	**141.2**	65.8	**110.9**	22.3	**(29.8)**	(19.7)	**759.7**	318.6

(1) Net interest income is the difference between interest earned on assets and the cost of liabilities to fund those assets. Interest earned includes actual interest earned on segment assets and, if the segment has excess liabilities, interest credits for providing funding to other segments. The cost of liabilities includes interest expense on segment liabilities and, if the segment does not have enough liabilities to fund its assets, a funding charge based on the cost of excess liabilities from another segment.

(2) Represents segment net income (loss) for Community Banking;

Wholesale Banking; and Wealth, Brokerage and Retirement segments and Wells Fargo net income for the Consolidated Company.

(3) Includes integration expenses and the elimination of items that are included in both Community Banking and Wealth, Brokerage and Retirement, largely representing wealth management customers serviced and products sold in the stores.

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17. CONDENSED CONSOLIDATING FINANCIAL STATEMENTS

Following are the condensed consolidating financial statements of the Parent and Wells Fargo Financial, Inc. and its wholly-owned subsidiaries (WFFI).

Condensed Consolidating Statement of Income

					Quarter ended Sept. 30, 2009
(in millions)	Parent	WFFI	Other consolidating subsidiaries	Eliminations	Consolidated Company
Dividends from subsidiaries:					
Bank	$ 2,411			(2,411)	
Nonbank	200			(200)	
Interest income from loans		827	9,346	(3)	10,170
Interest income from subsidiaries	480			(480)	
Other interest income	104	27	3,662	5	3,798
Total interest income	3,195	854	13,008	(3,089)	13,968
Deposits			917	(12)	905
Short-term borrowings	32	11	156	(167)	32
Long-term debt	761	304	592	(356)	1,301
Other interest expense			46		46
Total interest expense	793	315	1,711	(535)	2,284
Net interest income	2,402	539	11,297	(2,554)	11,684
Provision for credit losses		463	5,648		6,111
Net interest income after provision for credit losses	2,402	76	5,649	(2,554)	5,573
Noninterest income					
Fee income nonaffiliates		32	5,844		5,876
Other	339	57	5,186	(676)	4,906
Total noninterest income	339	89	11,030	(676)	10,782
Noninterest expense					
Salaries and benefits	29	42	6,442		6,513
Other	110	179	5,589	(707)	5,171
Total noninterest expense	139	221	12,031	(707)	11,684
Income (loss) before income tax expense (benefit) and equity in undistributed income of subsidiaries	2,602	(56)	4,648	(2,523)	4,671
Income tax expense (benefit)	(175)	(18)	1,548		1,355

Equity in undistributed income of subsidiaries	458			(458)	
Net income (loss) before noncontrolling interests	3,235	(38)	3,100	(2,981)	3,316
Less: Net income from noncontrolling interests		1	80		81
Parent, WFFI, Other and Wells Fargo net income (loss)	$ 3,235	(39)	3,020	(2,981)	3,235

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Condensed Consolidating Statement of Income

					Quarter ended Sept. 30, 2008
(in millions)	Parent	WFFI	Other consolidating subsidiaries	Eliminations	Consolidated Company
Dividends from subsidiaries:					
Bank	$ 501			(501)	
Nonbank					
Interest income from loans		1,312	5,590	(14)	6,888
Interest income from subsidiaries	716			(716)	
Other interest income	69	26	1,823	(32)	1,886
Total interest income	1,286	1,338	7,413	(1,263)	8,774
Deposits			1,128	(109)	1,019
Short-term borrowings	141	58	542	(249)	492
Long-term debt	686	443	157	(404)	882
Total interest expense	827	501	1,827	(762)	2,393
Net interest income	459	837	5,586	(501)	6,381
Provision for credit losses		648	1,847		2,495
Net interest income after provision for credit losses	459	189	3,739	(501)	3,886
Noninterest income					
Fee income nonaffiliates		109	2,621		2,730
Other	(42)	39	1,697	(428)	1,266
Total noninterest income	(42)	148	4,318	(428)	3,996
Noninterest expense					
Salaries and benefits	(82)	151	3,050		3,119
Other	46	285	2,479	(428)	2,382
Total noninterest expense	(36)	436	5,529	(428)	5,501
Income (loss) before income tax expense (benefit) and equity in	453	(99)	2,528	(501)	2,381

undistributed income of subsidiaries					
Income tax expense (benefit)	(49)	(31)	810		730
Equity in undistributed income of subsidiaries	1,135			(1,135)	
Net income (loss) before noncontrolling interests	1,637	(68)	1,718	(1,636)	1,651
Less: Net income from noncontrolling interests		1	13		14
Parent, WFFI, Other and Wells Fargo net income (loss)	$ 1,637	(69)	1,705	(1,636)	1,637

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Condensed Consolidating Statement of Income

					Nine months ended Sept. 30, 2009
(in millions)	Parent	WFFI	Other consolidating subsidiaries	Eliminations	Consolidated Company
Dividends from subsidiaries:					
Bank	$ 3,128			(3,128)	
Nonbank	409			(409)	
Interest income from loans		2,679	28,800	(12)	31,467
Interest income from subsidiaries	1,711			(1,711)	
Other interest income	331	80	10,704		11,115
Total interest income	5,579	2,759	39,504	(5,260)	42,582
Deposits			2,894	(33)	2,861
Short-term borrowings	146	28	730	(694)	210
Long-term debt	2,650	1,010	2,074	(1,169)	4,565
Other interest expense			122		122
Total interest expense	2,796	1,038	5,820	(1,896)	7,758
Net interest income	2,783	1,721	33,684	(3,364)	34,824
Provision for credit losses		1,486	14,269		15,755
Net interest income after provision for credit losses	2,783	235	19,415	(3,364)	19,069
Noninterest income					
Fee income nonaffiliates		115	16,871		16,986
Other	653	128	15,211	(1,812)	14,180
Total noninterest income	653	243	32,082	(1,812)	31,166
Noninterest expense					
Salaries and benefits	311	92	19,329		19,732
Other	373	550	17,385	(1,841)	16,467
Total noninterest expense	684	642	36,714	(1,841)	36,199
Income (loss) before income tax expense (benefit) and equity in undistributed income of subsidiaries	2,752	(164)	14,783	(3,335)	14,036
Income tax expense (benefit)	(409)	(53)	4,844		4,382
Equity in undistributed income of subsidiaries	6,291			(6,291)	

Net income (loss) before noncontrolling interests	9,452	(111)	9,939	(9,626)	9,654
Less: Net income from noncontrolling interests		1	201		202
Parent, WFFI, Other and Wells Fargo net income (loss)	$ 9,452	(112)	9,738	(9,626)	9,452

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Condensed Consolidating Statement of Income

				Nine months ended Sept. 30, 2008	
(in millions)	Parent	WFFI	Other consolidating subsidiaries	Eliminations	Consolidated Company
Dividends from subsidiaries:					
Bank	$ 1,656			(1,656)	
Nonbank	11			(11)	
Interest income from loans	2	4,058	16,894	(48)	20,906
Interest income from subsidiaries	2,286			(2,286)	
Other interest income	163	81	5,141	(121)	5,264
Total interest income	4,118	4,139	22,035	(4,122)	26,170
Deposits			4,055	(379)	3,676
Short-term borrowings	397	197	1,475	(795)	1,274
Long-term debt	2,201	1,402	479	(1,281)	2,801
Total interest expense	2,598	1,599	6,009	(2,455)	7,751
Net interest income	1,520	2,540	16,026	(1,667)	18,419
Provision for credit losses		1,628	5,907		7,535
Net interest income after provision for credit losses	1,520	912	10,119	(1,667)	10,884
Noninterest income					
Fee income nonaffiliates		329	7,630		7,959
Other	325	139	6,902	(1,344)	6,022
Total noninterest income	325	468	14,532	(1,344)	13,981
Noninterest expense					
Salaries and benefits	(167)	635	9,295		9,763
Other	(14)	838	7,545	(1,344)	7,025
Total noninterest expense	(181)	1,473	16,840	(1,344)	16,788
Income (loss) before income tax expense and equity in undistributed income of subsidiaries	2,026	(93)	7,811	(1,667)	8,077

Income tax expense (benefit)	47	(19)	2,610		2,638
Equity in undistributed income of subsidiaries	3,410			(3,410)	
Net income (loss) before noncontrolling interests	5,389	(74)	5,201	(5,077)	5,439
Less: Net income from noncontrolling interests		1	49		50
Parent, WFFI, Other and Wells Fargo net income (loss)	$ 5,389	(75)	5,152	(5,077)	5,389

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Condensed Consolidating Balance Sheet

					Sept. 30, 2009
(in millions)	Parent	WFFI	Other consolidating subsidiaries	Eliminations	Consolidated Company
Assets					
Cash and cash equivalents due from:					
Subsidiary banks	$ 28,436	201		(28,637)	
Nonaffiliates		189	34,535		34,724
Securities available for sale	4,908	2,702	176,204		183,814
Mortgages and loans held for sale			41,384		41,384
Loans	8	35,863	765,858	(1,777)	799,952
Loans to subsidiaries:					
Bank	8,060			(8,060)	
Nonbank	60,068			(60,068)	
Allowance for loan losses		(1,837)	(22,191)		(24,028)
Net loans	68,136	34,026	743,667	(69,905)	775,924
Investments in subsidiaries:					
Bank	127,042			(127,042)	
Nonbank	21,072			(21,072)	
Other assets	12,494	1,473	198,945	(20,133)	192,779
Total assets	$ 262,088	38,591	1,194,735	(266,789)	1,228,625
Liabilities and equity					
Deposits	$		821,672	(24,924)	796,748
Short-term borrowings	1,522	11,179	54,172	(36,073)	30,800
Accrued expenses and other liabilities	6,080	1,438	71,697	(21,354)	57,861
Long-term debt	122,312	24,495	93,995	(26,510)	214,292
Indebtedness to subsidiaries	10,024			(10,024)	
Total liabilities	139,938	37,112	1,041,536	(118,885)	1,099,701
Parent, WFFI, other and Wells Fargo stockholders equity	122,150	1,464	146,440	(147,904)	122,150
Noncontrolling interests		15	6,759		6,774
Total equity	122,150	1,479	153,199	(147,904)	128,924
Total liabilities and equity	$ 262,088	38,591	1,194,735	(266,789)	1,228,625

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Condensed Consolidating Balance Sheet

					Dec. 31, 2008
(in millions)	Parent	WFFI	Other consolidating subsidiaries	Eliminations	Consolidated Company
Assets					
Cash and cash equivalents due from:					
Subsidiary banks	$ 15,658	246		(15,904)	
Nonaffiliates		180	73,016		73,196
Securities available for sale	4,950	2,130	144,494	(5)	151,569
Mortgages and loans held for sale			26,316		26,316
Loans	9	45,930	827,242	(8,351)	864,830
Loans to subsidiaries:					
Bank	21,745			(21,745)	
Nonbank	68,527			(68,527)	
Allowance for loan losses		(2,359)	(18,654)		(21,013)
Net loans	90,281	43,571	808,588	(98,623)	843,817
Investments in subsidiaries:					
Bank	105,721			(105,721)	
Nonbank	24,094			(24,094)	
Other assets	34,949	1,756	213,099	(35,063)	214,741
Total assets	$ 275,653	47,883	1,265,513	(279,410)	1,309,639
Liabilities and equity					
Deposits	$		791,728	(10,326)	781,402
Short-term borrowings	23,434	12,911	150,156	(78,427)	108,074
Accrued expenses and other liabilities	7,426	1,179	55,721	(13,637)	50,689
Long-term debt	134,026	31,704	137,118	(35,690)	267,158
Indebtedness to subsidiaries	11,683			(11,683)	
Total liabilities	176,569	45,794	1,134,723	(149,763)	1,207,323
Parent, WFFI, other and Wells Fargo stockholders equity	99,084	2,074	127,573	(129,647)	99,084
Noncontrolling interests		15	3,217		3,232
Total equity	99,084	2,089	130,790	(129,647)	102,316
Total liabilities and equity	$ 275,653	47,883	1,265,513	(279,410)	1,309,639

Condensed Consolidating Statement of Cash Flows

			Nine months ended Sept. 30, 2009	
(in millions)	Parent	WFFI	Other consolidating subsidiaries/ eliminations	Consolidated Company
Cash flows from operating activities:				
Net cash provided by operating activities	$ 4,113	1,271	19,866	25,250
Cash flows from investing activities:				
Securities available for sale:				
Sales proceeds	655	679	45,003	46,337
Prepayments and maturities		267	28,479	28,746
Purchases	(346)	(1,422)	(87,627)	(89,395)
Loans:				
Decrease (increase) in banking subsidiaries loan originations, net of collections		(646)	44,983	44,337
Proceeds from sales (including participations) of loans originated for investment by banking subsidiaries			4,569	4,569
Purchases (including participations) of loans by banking subsidiaries			(2,007)	(2,007)
Principal collected on nonbank entities loans		7,815	2,409	10,224
Loans originated by nonbank entities		(3,886)	(3,231)	(7,117)
Net repayments from (advances to) subsidiaries	14,988		(14,988)	
Capital notes and term loans made to subsidiaries	(80)		80	
Principal collected on notes/loans made to subsidiaries	7,179		(7,179)	
Net decrease (increase) in investment in subsidiaries	(5,209)		5,209	
Net cash paid for acquisitions			(132)	(132)
Net change in noncontrolling interests		1	(356)	(355)
Other, net	22,486	147	16,959	39,592
Net cash provided by investing activities	39,673	2,955	32,171	74,799
Cash flows from financing activities:				
Net change in:				
Deposits			15,212	15,212
Short-term borrowings	(20,492)	2,740	(59,522)	(77,274)
Long-term debt:				
Proceeds from issuance	3,665		1,138	4,803
Repayment	(20,158)	(7,002)	(28,172)	(55,332)
Preferred stock:				
Cash dividends paid	(1,616)			(1,616)
Common stock:				

Proceeds from issuance	9,590			9,590
Repurchased	(80)			(80)
Cash dividends paid	(1,891)			(1,891)
Excess tax benefits related to stock option payments	9			9
Other, net	(35)		35	
Net cash used by financing activities	(31,008)	(4,262)	(71,309)	(106,579)
Net change in cash and due from banks	12,778	(36)	(19,272)	(6,530)
Cash and due from banks at beginning of period	15,658	426	7,679	23,763
Cash and due from banks at end of period	$ 28,436	390	(11,593)	17,233

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Condensed Consolidating Statement of Cash Flows

	Nine months ended Sept. 30, 2008			
(in millions)	Parent	WFFI	Other consolidating subsidiaries/ eliminations	Consolidated Company
Cash flows from operating activities:				
Net cash provided by operating activities	$ 160	1,419	10,622	12,201
Cash flows from investing activities:				
Securities available for sale:				
Sales proceeds	2,511	710	36,477	39,698
Prepayments and maturities		247	15,632	15,879
Purchases	(2,770)	(1,013)	(70,598)	(74,381)
Loans:				
Increase in banking subsidiaries loan originations, net of collections		(1,177)	(30,829)	(32,006)
Proceeds from sales (including participations) of loans originated for investment by banking subsidiaries			1,843	1,843
Purchases (including participations) of loans by banking subsidiaries			(4,329)	(4,329)
Principal collected on nonbank entities loans		11,614	3,848	15,462
Loans originated by nonbank entities		(11,085)	(2,795)	(13,880)
Net repayments from (advances to) subsidiaries	(5,146)		5,146	
Capital notes and term loans made to subsidiaries	(708)		708	
Principal collected on notes/loans made to subsidiaries	6,179		(6,179)	
Net decrease (increase) in investment in subsidiaries	(450)		450	
Net cash paid for acquisitions	(427)		(163)	(590)
Net change in noncontrolling interests			(34)	(34)
Other, net	430	11	(5,713)	(5,272)
Net cash used by investing activities	(381)	(693)	(56,536)	(57,610)
Cash flows from financing activities:				
Net change in:				
Deposits			7,370	7,370
Short-term borrowings	8,006	5,360	18,432	31,798
Long-term debt:				
Proceeds from issuance	13,529	1,113	8,109	22,751
Repayment	(13,678)	(7,269)	5,508	(15,439)
Common stock:				

Proceeds from issuance	1,269			1,269
Repurchased	(1,162)			(1,162)
Cash dividends paid	(3,178)			(3,178)
Excess tax benefits related to stock option payments	104			104
Net cash provided (used) by financing activities	4,890	(796)	39,419	43,513
Net change in cash and due from banks	4,669	(70)	(6,495)	(1,896)
Cash and due from banks at beginning of period	14,989	483	(715)	14,757
Cash and due from banks at end of period	$ 19,658	413	(7,210)	12,861

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18. REGULATORY AND AGENCY CAPITAL REQUIREMENTS

The Company and each of its subsidiary banks and thrifts are subject to various regulatory capital adequacy requirements administered by the Federal Reserve Board (FRB), the Office of the Comptroller of the Currency and the Office of Thrift Supervision, respectively.

We do not consolidate our wholly-owned trusts (the Trusts) formed solely to issue trust preferred securities. At September 30, 2009, the amount of trust preferred securities and perpetual preferred purchase securities issued by the Trusts that was includable in Tier 1 capital in accordance with FRB risk-based capital guidelines was approximately $19.3 billion. The junior subordinated debentures held by the Trusts were included in the Company s long-term debt.

(in billions)	Actual Amount	Actual Ratio	For capital adequacy purposes Amount	For capital adequacy purposes Ratio		To be well capitalized under the FDICIA prompt corrective action provisions Amount	To be well capitalized under the FDICIA prompt corrective action provisions Ratio
As of September 30, 2009:							
Total capital (to risk-weighted assets)							
Wells Fargo & Company	$ 150.1	14.66%	³ $ 81.9	³ 8.00%			
Wells Fargo Bank, N.A.	53.5	11.82	³ 36.2	³ 8.00		³ $ 45.3	³ 10.00%
Wachovia Bank, N.A.	60.9	13.60	³ 35.8	³ 8.00		³ 44.8	³ 10.00
Tier 1 capital (to risk-weighted assets)							
Wells Fargo & Company	108.8	10.63	³ 41.0	³ 4.00			
Wells Fargo Bank, N.A.	38.1	8.41	³ 18.1	³ 4.00		³ 27.2	³ 6.00
Wachovia Bank, N.A.	39.6	8.85	³ 17.9	³ 4.00		³ 26.9	³ 6.00
Tier 1 capital (to average assets) (Leverage ratio)							
Wells Fargo & Company	108.8	9.03	³ 48.2	³ 4.00	(1)		
Wells Fargo Bank, N.A.	38.1	7.13	³ 21.4	³ 4.00	(1)	³ 26.7	³ 5.00
Wachovia Bank, N.A.	39.6	7.87	³ 20.2	³ 4.00	(1)	³ 25.2	³ 5.00

(1) The leverage ratio consists of Tier 1 capital divided by quarterly average total assets, excluding goodwill and certain other items. The minimum leverage ratio guideline is 3%

for banking organizations that do not anticipate significant growth and that have well-diversified risk, excellent asset quality, high liquidity, good earnings, effective management and monitoring of market risk and, in general, are considered top-rated, strong banking organizations.

Certain subsidiaries of the Company are approved seller/servicers, and are therefore required to maintain minimum levels of shareholders equity, as specified by various agencies, including the United States Department of Housing and Urban Development, GNMA, FHLMC and FNMA. At September 30, 2009, each seller/servicer met these requirements.

Certain broker-dealer subsidiaries of the Company are subject to SEC Rule 15c3-1 (the Net Capital Rule), which requires that we maintain minimum levels of net capital, as defined. At September 30, 2009, each of these subsidiaries met these requirements.

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GLOSSARY OF ACRONYMS

ABCP	Asset-backed commercial paper
AICPA	American Institute of Certified Public Accountants
ALCO	Asset/Liability Management Committee
AMTN	Australian medium-term note program
ARRA	American Recovery and Reinvestment Act of 2009
ARS	Auction rate security
ASC	Accounting Standards Codification
ASU	Accounting Standards Update
ARM	Adjustable-rate mortgage
AVM	Automated valuation model
CDs	Certificates of deposit
CDO	Collateralized debt obligation
CLO	Collateralized loan obligation
CPP	Capital Purchase Program
CPR	Constant prepayment rate
CRE	Commercial real estate
EITF	Emerging Issues Task Force
ESOP	Employee Stock Ownership Plan
FAS	Statement of Financial Accounting Standards
FASB	Financial Accounting Standards Board
FDIC	Federal Deposit Insurance Corporation
FHA	Federal Housing Administration
FHLB	Federal Home Loan Bank
FHLMC	Federal Home Loan Mortgage Company
FICO	Fair Isaac Corporation (credit rating)
FNMA	Federal National Mortgage Association
FRB	Federal Reserve Board
FSP	FASB Staff Position
GAAP	Generally Accepted Accounting Principles
GNMA	Government National Mortgage Association
GSE	Government sponsored entity
IRA	Individual Retirement Account
LHFS	Loans held for sale
LIBOR	London Interbank Offered Rate
LTV	Loan-to-value
MBS	Mortgage-backed security
MHFS	Mortgages held for sale
MSR	Mortgage servicing right
NAV	Net asset value
NPA	Nonperforming asset
OCC	Office of the Comptroller of the Currency
OCI	Other comprehensive income
OTC	Over-the-counter
OTTI	Other-than-temporary impairment
PCI Loans	Purchased credit-impaired loans are acquired loans with evidence of credit deterioration accounted for under FASB ASC 310-30 (AICPA Statement of Position 03-3)
PTPP	Pre-tax pre-provision profit

QSPE	Qualifying special purpose entity

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GLOSSARY OF ACRONYMS (continued from previous page)

RBC	Risk-based capital
ROA	Wells Fargo net income to average total assets
ROE	Wells Fargo net income applicable to common stock to average Wells Fargo common stockholders equity
SAFS	Securities available for sale
SCAP	Supervisory Capital Assessment Program
SEC	Securities and Exchange Commission
S&P	Standard & Poors
SIV	Structured investment vehicle
SPE	Special purpose entity
TDR	Troubled debt restructuring
TLGP	Temporary Liquidity Guarantee Program
VA	Department of Veterans Affairs
VAR	Value-at-risk
VIE	Variable interest entity
WFFCC	Wells Fargo Financial Canada Corporation
WFFI	Wells Fargo Financial, Inc. and its wholly-owned subsidiaries

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CODIFICATION CROSS REFERENCE

Codification Topic	Superseded Authoritative Accounting Literature
FASB ASC 260, *Earnings Per Share*	FAS 128, *Earnings Per Share,* and FSP EITF 03-6-1, *Determining Whether Instruments Granted in Share-Based Payment Transactions are Participating Securities*
FASB ASC 310, *Receivables*	FAS 114, *Accounting by Creditors for Impairment of a Loan, an Amendment of FASB Statements No. 5 and 15,* and AICPA SOP 03-3, *Accounting for Certain Loans or Debt Securities Acquired in a Transfer*
FASB ASC 320, *Investments Debt and Equity Securities*	FSP FAS 115-2 and FAS 124-2, *Recognition and Presentation of Other-Than-Temporary Impairments*
FASB ASC 715, *Compensation Retirement Benefits*	FSP FAS 132(R)-1, *Employers Disclosures about Postretirement Benefit Plan Assets*
FASB ASC 718, *Compensation Stock Compensation*	FAS 123(R), *Share-Based Payment*
FASB ASC 805, *Business Combinations*	FAS 141(R), *Business Combinations*
FASB ASC 810, *Consolidation*	FAS 160, *Noncontrolling Interests in Consolidated Financial Statements an amendment of ARB No. 51*
FASB ASC 815, *Derivatives and Hedging*	FAS 133, *Accounting for Derivative Instruments and Hedging Activities,* and FAS 161, *Disclosures about Derivative Instruments and Hedging Activities an amendment of FASB Statement No. 133*
FASB ASC 820, *Fair Value Measurements and Disclosures*	FAS 157, *Fair Value Measurements*
FASB ASC 820-10, *Fair Value Measurements and Disclosures*	FSP FAS 157-4, *Determining Fair Value When the Volume and Level of Activity for the Asset or Liability Have Significantly Decreased and Identifying Transactions That Are Not Orderly*
FASB ASC 825, *Financial Instruments*	FAS 107, *Disclosures about Fair Value of Financial Instruments,* and FAS 159, *The Fair Value Option for Financial Assets and Financial Liabilities Including an Amendment of FASB Statement No. 115,* and FSP FAS 107-1 and APB 28-1, *Interim Disclosures about Fair Value of Financial Instruments*

FASB ASC 855, *Subsequent Events*	FAS 165, *Subsequent Events*
FASB ASC 860, *Transfers and Servicing*	FAS 156, *Accounting for Servicing of Financial Assets an amendment of FASB Statement No. 140*

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PART II OTHER INFORMATION

Item 1. Legal Proceedings

Information in response to this item can be found in Note 10 (Guarantees and Legal Actions) to Financial Statements in this Report which information is incorporated by reference into this item.

Item 1A. Risk Factors

Information in response to this item can be found under the Risk Factors section in this Report which information is incorporated by reference into this item.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

The following table shows Company repurchases of its common stock for each calendar month in the quarter ended September 30, 2009.

Calendar month	Total number of shares repurchased (1)	Weighted-average price paid per share	Maximum number of shares that may yet be repurchased under the authorizations
July	50,617	$24.37	11,574,348
August	449,403	28.00	11,124,945
September	121,822	28.77	11,003,123
Total	621,842		

(1) All shares were repurchased under the authorization covering up to 25 million shares of common stock approved by the Board of Directors and publicly announced by the Company on September 23, 2008. Unless modified or revoked by the Board, this authorization does not expire.

Item 6. Exhibits

A list of exhibits to this Form 10-Q is set forth on the Exhibit Index immediately preceding such exhibits and is incorporated herein by reference.

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

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Dated: November 6, 2009	WELLS FARGO & COMPANY
	By: /s/ RICHARD D. LEVY Richard D. Levy Executive Vice President and Controller (Principal Accounting Officer)

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EXHIBIT INDEX

Exhibit Number	Description	Location
3(a)	Restated Certificate of Incorporation.	Incorporated by reference to Exhibit 3.1 to the Company s Current Report on Form 8-K filed September 28, 2006.
3(b)	Certificate of Designations for the Company s 2007 ESOP Cumulative Convertible Preferred Stock.	Incorporated by reference to Exhibit 3(a) to the Company s Current Report on Form 8-K filed March 19, 2007.
3(c)	Certificate Eliminating the Certificate of Designations for the Company s 1997 ESOP Cumulative Convertible Preferred Stock.	Incorporated by reference to Exhibit 3(b) to the Company s Current Report on Form 8-K filed March 19, 2007.
3(d)	Certificate of Designations for the Company s 2008 ESOP Cumulative Convertible Preferred Stock.	Incorporated by reference to Exhibit 3(a) to the Company s Current Report on Form 8-K filed March 18, 2008.
3(e)	Certificate Eliminating the Certificate of Designations for the Company s 1998 ESOP Cumulative Convertible Preferred Stock.	Incorporated by reference to Exhibit 3(b) to the Company s Current Report on Form 8-K filed March 18, 2008.
3(f)	Certificate of Designations for the Company s Non-Cumulative Perpetual Preferred Stock, Series A.	Incorporated by reference to Exhibit 4.8 to the Company s Current Report on Form 8-K filed May 19, 2008.
3(g)	Certificate of Designations for the Company s Non-Cumulative Perpetual Preferred Stock, Series B.	Incorporated by reference to Exhibit 4.8 to the Company s Current Report on Form 8-K filed September 10, 2008.
3(h)	Certificate of Designations for the Company s Fixed Rate Cumulative Perpetual Preferred Stock, Series D.	Incorporated by reference to Exhibit 4.1 to the Company s Current Report on Form 8-K filed October 30, 2008.
3(i)	Certificate of Designations for the Company s Dividend Equalization Preferred Shares.	Incorporated by reference to Exhibit 4.1 to the Company s Current Report on Form 8-K filed December 30, 2008.
3(j)	Certificate of Designations for the Company s Class A Preferred Stock, Series G.	Incorporated by reference to Exhibit 4.2 to the Company s Current Report on Form 8-K filed December 30, 2008.
3(k)	Certificate of Designations for the Company s Class A Preferred Stock, Series H.	Incorporated by reference to Exhibit 4.3 to the Company s Current Report on Form 8-K filed December 30, 2008.

3(l)	Certificate of Designations for the Company s Class A Preferred Stock, Series I.	Incorporated by reference to Exhibit 4.4 to the Company s Current Report on Form 8-K filed December 30, 2008.
3(m)	Certificate of Designations for the Company s 8.00% Non-Cumulative Perpetual Class A Preferred Stock, Series J.	Incorporated by reference to Exhibit 4.5 to the Company s Current Report on Form 8-K filed December 30, 2008.
3(n)	Certificate of Designations for the Company s Fixed-to-Floating Rate Non-Cumulative Perpetual Class A Preferred Stock, Series K.	Incorporated by reference to Exhibit 4.6 to the Company s Current Report on Form 8-K filed December 30, 2008.
3(o)	Certificate of Designations for the Company s 7.50% Non-Cumulative Perpetual Convertible Class A Preferred Stock, Series L.	Incorporated by reference to Exhibit 4.7 to the Company s Current Report on Form 8-K filed December 30, 2008.
3(p)	Certificate Eliminating the Certificate of Designations for the Company s 1999 ESOP Cumulative Convertible Preferred Stock.	Incorporated by reference to Exhibit 3(a) to the Company s Current Report on Form 8-K filed April 13, 2009.

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Exhibit Number	Description	Location
3(q)	By-Laws.	Incorporated by reference to Exhibit 3 to the Company s Current Report on Form 8-K filed December 4, 2006.
4(a)	See Exhibits 3(a) through 3(q).	
4(b)	The Company agrees to furnish upon request to the Commission a copy of each instrument defining the rights of holders of senior and subordinated debt of the Company.	
12(a)	Computation of Ratios of Earnings to Fixed Charges:	Filed herewith.

	Quarter ended Sept. 30,		Nine months ended Sept. 30,	
	2009	2008	**2009**	2008
Including interest on deposits	**2.90**	1.97	**2.70**	2.01
Excluding interest on deposits	**4.05**	2.65	**3.62**	2.89

(Computation is based on Wells Fargo net income.)

12(b)	Computation of Ratios of Earnings to Fixed Charges and Preferred Dividends:	Filed herewith.

	Quarter ended Sept. 30,		Nine months ended Sept. 30,	
	2009	2008	**2009**	2008
Including interest on deposits	**2.15**	1.97	**2.03**	2.01
Excluding interest on deposits	**2.59**	2.65	**2.39**	2.89

	(Computation is based on Wells Fargo net income.)	
31(a)	Certification of principal executive officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.	Filed herewith.
31(b)	Certification of principal financial officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.	Filed herewith.
32(a)	Certification of Periodic Financial Report by Chief Executive Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and 18 U.S.C. § 1350.	Furnished herewith.
32(b)	Certification of Periodic Financial Report by Chief Financial Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and 18 U.S.C. § 1350.	Furnished herewith.

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Exhibit Number	Description	Location
101*	Pursuant to Rule 405 of Regulation S-T, the following financial information from the Company s Quarterly Report on Form 10-Q for the period ended September 30, 2009, is formatted in XBRL interactive data files: (i) Consolidated Statement of Income for the three months and nine months ended September 30, 2009 and 2008; (ii) Consolidated Balance Sheet at September 30, 2009, and December 31, 2008; (iii) Consolidated Statement of Changes in Equity and Comprehensive Income for the nine months ended September 30, 2009 and 2008; (iv) Consolidated Statement of Cash Flows for the nine months ended September 30, 2009 and 2008; and (v) Notes to Financial Statements, tagged as blocks of text.	Furnished herewith.

* As provided in Rule 406T of Regulation S-T, this information is furnished and not filed for purposes of Sections 11 and 12 of the Securities Act of 1933 and Section 18 of the Securities Exchange Act of 1934.