

Testimony of

**Jon Campbell
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Before the

**Senate Banking Committee
United States Senate**

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Mr. Chairman and Members of the Committee, I am Jon Campbell, Executive Vice President of Wells Fargo's Regional Banking. Thank you for allowing me to comment on Wells Fargo's participation in the Capital Purchase Program (CPP).

Wells Fargo believes that our financial system is more important than any one individual company. We believe the Capital Purchase Program is a positive step toward stimulating the United States' economy. It is Wells Fargo's intention to use the CPP funds for additional lending and to facilitate appropriate home mortgage solutions.

Wells Fargo continues to be one of the strongest and best capitalized banks in the world. The investment from the United States Government adds to our already strong balance sheet and will enable Wells Fargo to offer appropriately priced credit at a time when several sectors of the financial industry have shut down.

Since mid-September when capital markets froze, Wells Fargo has led the industry in lending to existing and new creditworthy customers. During this time nonprofit organizations, hospitals, universities, municipalities, small businesses, farmers and many others had no where to turn when their existing capital market channels vanished. We were there to provide

credit so they could continue to offer the services that our communities depend on.

We are able to lend through these difficult times because of our emphasis on prudent and sound lending which includes understanding what our customers do and what their financing needs are. As demonstrated over the past several years, we are willing to give up market share if a product is not in the best interest of our customers. And simply put, those companies who didn't put the customer at the center of every decision are no longer here today.

We intend to expand lending in all of our markets. As demand warrants, we will have more than adequate capital to lend to creditworthy customers in an appropriate manner, and as required, will pay back the CPP investment with interest.

Wells Fargo remains a strong lender in areas such as small business and agriculture. By volume, we are the number one commercial real estate lender. In fact, we grew commercial real estate loans 37 percent year to date in 2008. And, our middle market commercial loans – made to Fortune 1500 sized companies across the country – are up 24 percent since this time last year.

The Committee has asked whether CPP funds would be spent on executive compensation. The answer is no. Wells Fargo doesn't need the government investment to pay for bonuses or compensation.

Wells Fargo's policy is to reward employees through recognition and pay based on their performance in providing superior service to our customers. That policy applies to every single employee, starting with our Chairman and our CEO. For example, the disclosures in our 2008 proxy statement show that the bonuses for all Wells Fargo named executive officers were reduced based on 2007 performance.

Mr. Chairman, since the middle of 2007 when you convened your Housing Summit, Wells Fargo has implemented the principles you laid out by working with borrowers at each step of the mortgage crisis. With the changes in our economy and continuing declines in property values across many parts of the country, even more people need our help.

As a number of new foreclosure relief programs require capital to implement, the availability of CPP funds will make it easier to successfully reach delinquent homeowners. This capital leveraged with the announcement this week of a streamlined large scale loan modification process that applies to loans serviced for Fannie Mae and Freddie Mac, will enable Wells Fargo to utilize a variety of programs quickly and also institutionalize an approach that servicers can rely on going forward.

The strength of our franchise, earnings and balance sheet positions us well to continue lending across all sectors and satisfying all of our customers' financial needs, which is in the spirit of the Capital Purchase Program.

Mr. Chairman and Members of the Committee, thank you and I would be pleased to answer questions.

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