

Net Earnings Applicable to Common Shareholders, Diluted Earnings per Common Share (EPS), Average Common Shareholders' Equity and Average Tangible Common Shareholders' Equity Excluding the Impact of the Series G Preferred Stock Dividend

(\$ in millions, except per share amounts)

Management believes that presenting the firm's results excluding the impact of the \$1.64 billion Series G Preferred Stock dividend is meaningful, as it increases the comparability of period-to-period results. Diluted EPS, return on average common shareholders' equity (ROE) and return on average tangible common shareholders' equity (ROTCE) excluding this item are non-GAAP measures and may not be comparable to similar non-GAAP measures used by other companies. The table below presents the firm's diluted EPS, ROE and ROTCE including and excluding the impact of the Series G Preferred Stock dividend.

	Year Ended December 31, 2011	
Diluted EPS	\$	4.51
ROE ⁽¹⁾		3.7 %
ROTCE ⁽²⁾		4.0 %
Diluted EPS, excluding the impact of the Series G Preferred Stock dividend ⁽³⁾	\$	7.46
ROE, excluding the impact of the Series G Preferred Stock dividend ⁽³⁾		5.9 %
ROTCE, excluding the impact of the Series G Preferred Stock dividend ⁽³⁾		6.4 %

⁽¹⁾ ROE is computed by dividing net earnings applicable to common shareholders by average monthly common shareholders' equity.

⁽²⁾ ROTCE is computed by dividing net earnings applicable to common shareholders by average monthly tangible common shareholders' equity. Management believes that ROTCE is meaningful because it measures the performance of businesses consistently, whether they were acquired or developed internally. ROTCE is a non-GAAP measure and may not be comparable to similar non-GAAP measures used by other companies. The table below presents the reconciliation of average total shareholders' equity to average tangible common shareholders' equity.

	Average for the Year Ended December 31, 2011	
Total shareholders' equity	\$	72,708
Preferred stock		(3,990)
Common shareholders' equity	\$	68,718
Goodwill and identifiable intangible assets		(5,394)
Tangible common shareholders' equity	\$	63,324

⁽³⁾ The tables below present the calculation of net earnings applicable to common shareholders, diluted EPS, average common shareholders' equity and average tangible common shareholders' equity excluding the impact of this dividend.

	Year Ended December 31, 2011	
Net earnings applicable to common shareholders	\$	2,510
Impact of the Series G Preferred Stock dividend		1,643
Net earnings applicable to common shareholders, excluding the impact of the Series G Preferred Stock dividend		4,153
Divided by: average diluted common shares outstanding		556.9
Diluted EPS, excluding the impact of the Series G Preferred Stock dividend	\$	7.46

	Average for the Year Ended December 31, 2011	
Total shareholders' equity	\$	72,708
Preferred stock		(3,990)
Common shareholders' equity		68,718
Impact of the Series G Preferred Stock dividend		1,264
Common shareholders' equity, excluding the impact of the Series G Preferred Stock dividend	\$	69,982
Goodwill and identifiable intangible assets		(5,394)
Tangible common shareholders' equity, excluding the impact of the Series G Preferred Stock dividend	\$	64,588

Net Earnings Applicable to Common Shareholders, Diluted EPS, Average Common Shareholders' Equity and Average Tangible Common Shareholders' Equity Excluding the U.K. Bank Payroll Tax, the SEC Settlement and the New York Stock Exchange (NYSE) Designated Market Maker (DMM) Rights Impairment

(\$ in millions, except per share amounts)

Management believes that presenting the firm's results excluding the impact of the \$465 million U.K. bank payroll tax, the \$550 million SEC settlement and the \$305 million NYSE DMM rights impairment is meaningful, as it increases the comparability of period-to-period results. Diluted EPS, ROE and ROTCE excluding these items are non-GAAP measures and may not be comparable to similar non-GAAP measures used by other companies. The table below presents the firm's diluted EPS, ROE and ROTCE including and excluding the impact of these items.

	Year Ended December 31, 2010	
Diluted EPS	\$	13.18
ROE ⁽¹⁾		11.5 %
ROTCE ⁽²⁾		12.5 %
Diluted EPS, excluding the impact of the U.K. bank payroll tax, the SEC settlement and the NYSE DMM rights impairment ⁽³⁾	\$	15.22
ROE, excluding the impact of the U.K. bank payroll tax, the SEC settlement and the NYSE DMM rights impairment ⁽³⁾		13.1 %
ROTCE, excluding the impact of the U.K. bank payroll tax, the SEC settlement and the NYSE DMM rights impairment ⁽³⁾		14.3 %

⁽¹⁾ ROE is computed by dividing net earnings applicable to common shareholders by average monthly common shareholders' equity.

⁽²⁾ ROTCE is computed by dividing net earnings applicable to common shareholders by average monthly tangible common shareholders' equity. Management believes that ROTCE is meaningful because it measures the performance of businesses consistently, whether they were acquired or developed internally. ROTCE is a non-GAAP measure and may not be comparable to similar non-GAAP measures used by other companies. The table below presents the reconciliation of average total shareholders' equity to average tangible common shareholders' equity.

	Average for the Year Ended December 31, 2010	
Total shareholders' equity	\$	74,257
Preferred stock		(6,957)
Common shareholders' equity	\$	67,300
Goodwill and identifiable intangible assets		(5,729)
Tangible common shareholders' equity	\$	61,571

⁽³⁾ The tables below present the calculation of net earnings applicable to common shareholders, diluted EPS, average common shareholders' equity and average tangible common shareholders' equity excluding the impact of these items.

	Year Ended December 2010	
Net earnings applicable to common shareholders	\$	7,713
Impact of the U.K. bank payroll tax		465
Pre-tax impact of the SEC settlement		550
Tax impact of the SEC settlement		(6)
Pre-tax impact of the NYSE DMM rights impairment		305
Tax impact of the NYSE DMM rights impairment		(118)
Net earnings applicable to common shareholders, excluding the impact of the U.K. bank payroll tax, the SEC settlement and the NYSE DMM rights impairment	\$	8,909
Divided by: average diluted common shares outstanding		585.3
Diluted EPS, excluding the impact of the U.K. bank payroll tax, the SEC settlement and the NYSE DMM rights impairment	\$	15.22

Net Earnings Applicable to Common Shareholders, Diluted EPS, Average Common Shareholders' Equity and Average Tangible Common Shareholders' Equity Excluding the U.K. Bank Payroll Tax, the SEC Settlement and the New York Stock Exchange (NYSE) Designated Market Maker (DMM) Rights Impairment, continued

(\$ in millions, except per share amounts)

	Average for the Year Ended December 31, 2010
Total shareholders' equity	\$ 74,257
Preferred stock	(6,957)
Common shareholders' equity	\$ 67,300
Impact of the U.K. bank payroll tax	359
Impact of the SEC settlement	293
Impact of the NYSE DMM rights impairment	14
Common shareholders' equity, excluding the impact of the U.K. bank payroll tax, the SEC settlement and the NYSE DMM rights impairment	\$ 67,966
Goodwill and identifiable intangible assets	(5,729)
Tangible common shareholders' equity, excluding the impact of the U.K. bank payroll tax, the SEC settlement and the NYSE DMM rights impairment	\$ 62,237

Effective Income Tax Rate Excluding the Impact of the U.K. Bank Payroll Tax and the SEC Settlement

(\$ in millions)

Management believes that presenting the firm's effective income tax rate for 2010 excluding the impact of the \$465 million U.K. bank payroll tax and the \$550 million SEC settlement, substantially all of which was non-deductible, is meaningful as excluding these items increases the comparability of period-to-period results. The effective income tax rate excluding the impact of these items is a non-GAAP measure and may not be comparable to similar non-GAAP measures used by other companies. The table below presents the calculation of the effective income tax rate excluding the impact of these amounts.

	For the Year Ended December 31, 2010		
	Pre-tax earnings	Provision for taxes	Effective income tax rate
As reported	\$ 12,892	\$ 4,538	35.2%
Add back:			
Impact of the U.K. bank payroll tax	465	-	
Impact of the SEC settlement	550	6	
As adjusted	\$ 13,907	\$ 4,544	32.7%

Ratio of Compensation and Benefits to Net Revenues Excluding the Impact of the U.K. Bank Payroll Tax

(\$ in millions)

Management believes that presenting the firm's ratio of compensation and benefits to net revenues excluding the impact of the \$465 million U.K. bank payroll tax is meaningful, as excluding it increases the comparability of period-to-period results. The ratio of compensation and benefits to net revenues excluding the impact of this item is a non-GAAP measure and may not be comparable to similar non-GAAP measures used by other companies. The table below presents the calculation of the ratio of compensation and benefits to net revenues including and excluding the impact of this item.

	Year Ended December 31, 2010
Compensation and benefits (which excludes the impact of the \$465 million U.K. bank payroll tax)	\$ 15,376
Ratio of compensation and benefits to net revenues	39.3 %
Compensation and benefits, including the impact of the \$465 million U.K. bank payroll tax	\$ 15,841
Ratio of compensation and benefits to net revenues, including the impact of the \$465 million U.K. bank payroll tax	40.5 %

Adjusted Assets, Adjusted Leverage Ratio, Tangible Book Value Per Common Share and Tier 1 Common Ratio

(\$ in millions, except per share amounts)

The table below presents information on the firm's assets, shareholders' equity, leverage ratios, book value per common share and Tier 1 common ratio.

	As of				
	December 2011	September 2011	June 2011	March 2011	December 2010
Total assets	\$ 923,225	\$ 948,909	\$ 936,910	\$ 933,289	\$ 911,332
Adjusted assets ⁽¹⁾	604,391	624,826	639,809	633,073	588,927
Total shareholders' equity	70,379	70,088	72,356	72,469	77,356
Leverage ratio ⁽²⁾	13.1 x	13.5 x	12.9 x	12.9 x	11.8 x
Adjusted leverage ratio ⁽³⁾	8.6 x	8.9 x	8.8 x	8.7 x	7.6 x
Common shareholders' equity	\$ 67,279	\$ 66,988	\$ 69,256	\$ 69,369	\$ 70,399
Tangible common shareholders' equity ⁽⁴⁾	61,811	61,529	64,069	64,131	64,877
Book value per common share ⁽⁵⁾	\$ 130.31	\$ 131.09	\$ 131.44	\$ 129.40	\$ 128.72
Tangible book value per common share ^{(4) (5)}	119.72	120.41	121.60	119.63	118.63
Risk-weighted assets (RWAs) ⁽⁶⁾	\$ 457,027	\$ 456,204	\$ 451,010	\$ 455,811	\$ 444,290
Tier 1 common ratio ⁽⁷⁾	12.1 %	12.1 %	12.9 %	12.8 %	13.3 %

⁽¹⁾ Adjusted assets equals total assets less (i) low-risk collateralized assets generally associated with the firm's secured client financing transactions, federal funds sold and excess liquidity (which includes financial instruments sold, but not yet purchased, at fair value, less derivative liabilities) and (ii) cash and securities segregated for regulatory and other purposes. Adjusted assets is a non-GAAP measure and may not be comparable to similar non-GAAP measures used by other companies. The table below presents the reconciliation of total assets to adjusted assets.

	As of				
	December 2011	September 2011	June 2011	March 2011	December 2010
Total assets	\$ 923,225	\$ 948,909	\$ 936,910	\$ 933,289	\$ 911,332
Deduct: Securities borrowed	(153,341)	(156,929)	(175,472)	(184,217)	(166,306)
Securities purchased under agreements to resell and federal funds sold	(187,789)	(185,854)	(162,285)	(162,094)	(188,355)
Add: Financial instruments sold, but not yet purchased, at fair value	145,013	162,127	149,639	150,998	140,717
Less derivative liabilities	(58,453)	(66,004)	(47,492)	(51,391)	(54,730)
Subtotal	(254,570)	(246,660)	(235,610)	(246,704)	(268,674)
Deduct: Cash and securities segregated for regulatory and other purposes	(64,264)	(77,423)	(61,491)	(53,512)	(53,731)
Adjusted assets	\$ 604,391	\$ 624,826	\$ 639,809	\$ 633,073	\$ 588,927

Adjusted Assets, Adjusted Leverage Ratio, Tangible Book Value Per Common Share and Tier 1 Common Ratio, continued

(\$ in millions, except per share amounts)

⁽²⁾ The leverage ratio equals total assets divided by total shareholders' equity.

⁽³⁾ The adjusted leverage ratio equals adjusted assets divided by total shareholders' equity. Management believes that the adjusted leverage ratio is a more meaningful measure of the firm's capital adequacy than the leverage ratio because it excludes certain low-risk collateralized assets that are generally supported with little or no capital. The adjusted leverage ratio is a non-GAAP measure and may not be comparable to similar non-GAAP measures used by other companies.

⁽⁴⁾ Tangible common shareholders' equity equals total shareholders' equity less preferred stock, goodwill and identifiable intangible assets. Tangible book value per common share is computed by dividing tangible common shareholders' equity by the number of common shares outstanding, including restricted stock units (RSUs) granted to employees with no future service requirements. Management believes that tangible common shareholders' equity and tangible book value per common share are meaningful because they are measures that the firm and investors use to assess capital adequacy. Tangible common shareholders' equity and tangible book value per common share are non-GAAP measures and may not be comparable to similar non-GAAP measures used by other companies. The table below presents the reconciliation of total shareholders' equity to tangible common shareholders' equity.

	As of				
	December 2011	September 2011	June 2011	March 2011	December 2010
Total shareholders' equity	\$ 70,379	\$ 70,088	\$ 72,356	\$ 72,469	\$ 77,356
Deduct: Preferred stock	(3,100)	(3,100)	(3,100)	(3,100)	(6,957)
Common shareholders' equity	67,279	66,988	69,256	69,369	70,399
Deduct: Goodwill and identifiable intangible assets	(5,468)	(5,459)	(5,187)	(5,238)	(5,522)
Tangible common shareholders' equity	<u>\$ 61,811</u>	<u>\$ 61,529</u>	<u>\$ 64,069</u>	<u>\$ 64,131</u>	<u>\$ 64,877</u>

⁽⁵⁾ The table below presents common shares outstanding, including RSUs granted to employees with no future service requirements.

	As of				
	December 2011	September 2011	June 2011	March 2011	December 2010
	(in millions)				
Common shares outstanding, including RSUs granted to employees with no future service requirements	516.3	511.0	526.9	536.1	546.9

⁽⁶⁾ RWAs are calculated in accordance with the Federal Reserve Board's capital adequacy regulations currently applicable to bank holding companies (which are based on the 'Basel 1' Capital Accord of the Basel Committee on Banking Supervision).

⁽⁷⁾ The Tier 1 common ratio equals Tier 1 common capital divided by RWAs. Management believes that the Tier 1 common ratio is meaningful because it is one of the measures that the firm and investors use to assess capital adequacy and, while not currently a formal regulatory capital ratio, this measure is of increasing importance to regulators. The Tier 1 common ratio is a non-GAAP measure and may not be comparable to similar non-GAAP measures used by other companies. The table below presents the reconciliation of Tier 1 capital to Tier 1 common capital.

	As of				
	December 2011	September 2011	June 2011	March 2011	December 2010
Tier 1 capital	\$ 63,262	\$ 63,133	\$ 66,365	\$ 66,387	\$ 71,233
Deduct: Preferred stock	(3,100)	(3,100)	(3,100)	(3,100)	(6,957)
Junior subordinated debt issued to trusts	(5,000)	(5,000)	(5,000)	(5,000)	(5,000)
Tier 1 common capital	<u>\$ 55,162</u>	<u>\$ 55,033</u>	<u>\$ 58,265</u>	<u>\$ 58,287</u>	<u>\$ 59,276</u>