

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

(\$ in millions, except per share amounts)

The table below presents the firm's annualized return on average common shareholders' equity (ROE) and diluted earnings per common share, both including and excluding the impact of the Series G Preferred Stock dividend.

	<u>For the</u> <u>Three Months Ended</u> <u>March 31, 2011</u>	
Diluted earnings per common share	\$	1.56
Annualized return on average common shareholders' equity ⁽¹⁾		12.2 %
Diluted earnings per common share, excluding the impact of the Series G Preferred Stock dividend ⁽²⁾	\$	4.38
Annualized return on average common shareholders' equity, excluding the impact of the Series G Preferred Stock dividend ⁽²⁾		14.5 %

⁽¹⁾ Annualized ROE is computed by dividing annualized net earnings applicable to common shareholders by average monthly common shareholders' equity. The impact of the \$1.64 billion Series G Preferred Stock dividend was not annualized in the calculation of annualized net earnings applicable to common shareholders as this amount has no impact on other quarters in the year.

⁽²⁾ Management believes that presenting the firm's results excluding the impact of the \$1.64 billion preferred dividend related to the redemption of the firm's Series G Preferred Stock (calculated as the difference between the carrying value and the redemption value of the preferred stock) is meaningful because it increases the comparability of period-to-period results. The tables below present the calculation of net earnings applicable to common shareholders, diluted earnings per common share and average common shareholders' equity excluding the impact of this dividend:

	<u>For the</u> <u>Three Months Ended</u> <u>March 31, 2011</u>	
Net earnings applicable to common shareholders	\$	908
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	\$	2,551
Divided by: average diluted common shares outstanding		583.0
Diluted earnings per common share, excluding the impact of the Series G Preferred Stock dividend	\$	4.38

	<u>Average for the</u> <u>Three Months Ended</u> <u>March 31, 2011</u>	
Total shareholders' equity	\$	76,052
Preferred stock		(5,993)
Common shareholders' equity		70,059
Impact of the Series G Preferred Stock dividend		411
Common shareholders' equity, excluding the impact of the Series G Preferred Stock dividend	\$	70,470

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

(\$ in millions)

The effective income tax rate for the first quarter of 2011 was 32.3%, compared with 32.7% for 2010, which excluded the impact of the \$465 million U.K. bank payroll tax and the \$550 million SEC settlement, substantially all of which was non-deductible. Management believes that presenting the firm's effective income tax rate for 2010 excluding the impact of these items is meaningful as excluding them increases the comparability of period-to-period results. Including the impact of these items, the effective income tax rate was 35.2% for 2010. 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	<u>\$ 13,907</u>	<u>\$ 4,544</u>	32.7%

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	
	March 2011	December 2010
Total assets		\$ 911,332
Adjusted assets ⁽¹⁾		588,927
Total shareholders' equity	72,469	77,356
Leverage ratio ⁽²⁾		11.8 x
Adjusted leverage ratio ⁽³⁾		7.6 x
Common shareholders' equity	\$ 69,369	\$ 70,399
Tangible common shareholders' equity ⁽⁴⁾	64,131	64,877
Book value per common share ⁽⁵⁾	\$ 129.40	\$ 128.72
Book value per common share, excluding the impact of the Series G Preferred Stock dividend ⁽⁴⁾⁽⁵⁾	132.46	N.A.
Tangible book value per common share ⁽⁴⁾⁽⁵⁾	119.63	118.63
Tangible book value per common share, excluding the impact of the Series G Preferred Stock dividend ⁽⁴⁾⁽⁵⁾	122.69	N.A.
Risk-weighted assets (RWAs) ⁽⁶⁾		\$ 444,290
Tier 1 common ratio ⁽⁷⁾	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 and federal funds sold and (ii) cash and securities segregated for regulatory and other purposes. The table below presents the reconciliation of total assets to adjusted assets:

	As of	
	March 2011	December 2010
Total assets		\$ 911,332
Deduct: Securities borrowed		(166,306)
Securities purchased under agreements to resell and federal funds sold		(188,355)
Add: Financial instruments sold, but not yet purchased, at fair value		140,717
Less derivative liabilities		(54,730)
Subtotal		85,987
Deduct: Cash and securities segregated for regulatory and other purposes		(53,731)
Adjusted assets		\$ 588,927

(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.

(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. In addition, management believes that presenting the change in book value and tangible book value per common share excluding the impact of the \$1.64 billion Series G Preferred Stock dividend provides a meaningful period-to-period comparison of these measures. The table below presents the reconciliation of total shareholders' equity to tangible common shareholders' equity, as well as the calculation of common shareholders' equity and tangible common shareholders' equity excluding the impact of the \$1.64 billion Series G Preferred Stock dividend:

	As of			
	March 2011		December 2010	
	As reported	Add back: impact of the Series G Preferred Stock dividend	Excluding the impact of the Series G Preferred Stock dividend	
Total shareholders' equity	\$ 72,469	\$ 1,643	\$ 74,112	\$ 77,356
Preferred stock	(3,100)	-	(3,100)	(6,957)
Common shareholders' equity	69,369	1,643	71,012	70,399
Goodwill and identifiable intangible assets	(5,238)	-	(5,238)	(5,522)
Tangible common shareholders' equity	\$ 64,131	\$ 16,43	\$ 65,774	\$ 64,877

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

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

(6) RWAs are calculated in accordance with the regulatory capital requirements currently applicable to bank holding companies, which are based on the Capital Accord of the Basel Committee on Banking Supervision (Basel 1). The firm's RWAs under Basel 1 were approximately \$456 billion as of March 31, 2011. This amount represents a preliminary estimate as of the date of this earnings release and may be revised in the firm's Quarterly Report on Form 10-Q for the period ended March 31, 2011. For a further discussion of the firm's capital ratios, see "Equity Capital" in Part II, Item 7 "Management's Discussion and Analysis of Financial Condition and Results of Operations" in the firm's Annual Report on Form 10-K for the year ended December 31, 2010.

(7) The Tier 1 common ratio equals Tier 1 common capital divided by risk-weighted assets. As of March 31, 2011, Tier 1 common capital was \$58.3 billion, consisting of Tier 1 capital of \$66.4 billion less preferred stock of \$3.1 billion and junior subordinated debt issued to trusts of \$5.0 billion. 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. This ratio represents a preliminary estimate as of the date of this earnings release and may be revised in the firm's Quarterly Report on Form 10-Q for the period ended March 31, 2011. For a further discussion of the firm's capital ratios, see "Equity Capital" in Part II, Item 7 "Management's Discussion and Analysis of Financial Condition and Results of Operations" in the firm's Annual Report on Form 10-K for the year ended December 31, 2010. The table below presents the reconciliation of Tier 1 capital to Tier 1 common capital as of December 2010:

	As of	
	December 2010	
Tier 1 capital	\$ 71,233	
Deduct: Preferred stock	(6,957)	
Junior subordinated debt issued to trusts	(5,000)	
Tier 1 common capital	\$ 59,276	