

Net Earnings Applicable to Common Shareholders, Diluted Earnings per Common Share (EPS) and Average 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 in the first quarter of 2011 is meaningful because it increases the comparability of period-to-period results. Diluted EPS and return on average common shareholders' equity (ROE) excluding this dividend 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 and annualized ROE including and excluding the impact of the Series G Preferred Stock dividend.

	For the Nine Months Ended September 30, 2011	
Diluted earnings per common share	\$	2.70
Annualized return on average common shareholders' equity ⁽¹⁾		3.7 %
Diluted earnings per common share, excluding the impact of the Series G Preferred Stock dividend ⁽²⁾	\$	5.60
Annualized return on average common shareholders' equity, excluding the impact of the Series G Preferred Stock dividend ⁽²⁾		6.0 %

⁽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 in the first quarter of 2011 was not annualized in the calculation of annualized net earnings applicable to common shareholders for the nine months ended September 2011 as this amount has no impact on other quarters in the year.

⁽²⁾ The tables below present the calculation of net earnings applicable to common shareholders, diluted EPS and average common shareholders' equity excluding the impact of the of the \$1.64 billion Series G Preferred Stock dividend.

	For the Nine Months Ended September 30, 2011	
Net earnings applicable to common shareholders	\$	1,532
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		3,175
Divided by: average diluted common shares outstanding		566.6
Diluted earnings per common share, excluding the impact of the Series G Preferred Stock dividend	\$	5.60

	Average for the Nine Months Ended September 30, 2011	
Total shareholders' equity	\$	73,433
Preferred stock		(4,257)
Common shareholders' equity		69,176
Impact of the Series G Preferred Stock dividend		1,150
Common shareholders' equity, excluding the impact of the Series G Preferred Stock dividend	\$	70,326

Net Earnings Applicable to Common Shareholders, Diluted EPS and Average Common Shareholders' Equity Excluding the Impact of the U.K. Bank Payroll Tax and the SEC Settlement

(\$ in millions, except per share amounts)

Management believes that presenting the firm's results excluding the impact of the \$600 million U.K. bank payroll tax and the \$550 million SEC settlement in the second quarter of 2010 is meaningful as these were one-time events and excluding them increases the comparability of period-to-period results. Diluted EPS and ROE 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 and annualized ROE including and excluding the impact of the U.K. bank payroll tax and the SEC settlement.

	For the Nine Months Ended September 30, 2010	
Diluted earnings per common share	\$	9.39
Annualized return on average common shareholders' equity ⁽¹⁾		11.6 %
Diluted earnings per common share, excluding the impact of U.K. bank payroll tax and SEC settlement ⁽²⁾	\$	11.34
Annualized return on average common shareholders' equity, excluding the impact of U.K. bank payroll tax and SEC settlement ⁽²⁾		13.2 %

⁽¹⁾ Annualized ROE is computed by dividing annualized net earnings applicable to common shareholders by average monthly common shareholders' equity. The impact of the \$600 million U.K. bank payroll tax and the \$550 million SEC settlement in the second quarter of 2010 were not annualized in the calculation of annualized net earnings applicable to common shareholders for the nine months ended September 2010 as these are one-time events and therefore these amounts have no impact on other quarters in the year.

⁽²⁾ The tables below present the calculation of net earnings applicable to common shareholders, diluted EPS and average common shareholders' equity excluding the impact of the \$600 million U.K. bank payroll tax and the \$550 million SEC settlement.

	For the Nine Months Ended September 30, 2010	
Net earnings applicable to common shareholders	\$	5,486
Impact of U.K. bank payroll tax		600
Pre-tax impact of SEC settlement		550
Tax impact of SEC settlement		(6)
Net earnings applicable to common shareholders, excluding the impact of U.K. bank payroll tax and SEC settlement	\$	6,630
Divided by: average diluted common shares outstanding		584.4
Diluted earnings per common share, excluding the impact of U.K. bank payroll tax and SEC settlement	\$	11.34

	Average for the Nine Months Ended September 30, 2010	
Total shareholders' equity	\$	73,557
Preferred stock		(6,957)
Common shareholders' equity		66,600
Impact of U.K. bank payroll tax		300
Impact of SEC settlement		218
Common shareholders' equity, excluding the impact of U.K. bank payroll tax and SEC settlement	\$	67,118

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

(\$ in millions)

Excluding the impact of the \$465 million U.K. bank payroll tax for the full year and the \$550 million SEC settlement, substantially all of which was non-deductible, the effective income tax rate for 2010 was 32.7%. 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. 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)

The ratio of compensation and benefits to net revenues excluding the \$600 million bank payroll tax was 43.0% for the nine months ended September 2010. Management believes that presenting the firm's ratio of compensation and benefits to net revenues excluding the impact of the \$600 million U.K. bank payroll tax is meaningful as this was a one-time event and 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.

	For the	
	Nine Months Ended September 2010	
Compensation and benefits (which excludes the impact of the \$600 million U.K. bank payroll tax)	\$ 13,123	
Ratio of compensation and benefits to net revenues	43.0	%
Compensation and benefits, including the impact of the \$600 million U.K. bank payroll tax	\$ 13,723	
Ratio of compensation and benefits to net revenues, including the impact of the \$600 million U.K. bank payroll tax	45.0	%

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			
	September 2011	June 2011	March 2011	December 2010
Total assets	\$ 948,909	\$ 936,910	\$ 933,289	\$ 911,332
Adjusted assets ⁽¹⁾	624,826	639,809	633,073	588,927
Total shareholders' equity	70,088	72,356	72,469	77,356
Leverage ratio ⁽²⁾	13.5 x	12.9 x	12.9 x	11.8 x
Adjusted leverage ratio ⁽³⁾	8.9 x	8.8 x	8.7 x	7.6 x
Common shareholders' equity	\$ 66,988	\$ 69,256	\$ 69,369	\$ 70,399
Tangible common shareholders' equity ⁽⁴⁾	61,529	64,069	64,131	64,877
Book value per common share ⁽⁵⁾	\$ 131.09	\$ 131.44	\$ 129.40	\$ 128.72
Tangible book value per common share ^{(4) (5)}	120.41	121.60	119.63	118.63
Risk-weighted assets (RWAs) ⁽⁶⁾	\$ 456,204	\$ 451,010	\$ 455,811	\$ 444,290
Tier 1 common ratio ⁽⁷⁾	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			
	September 2011	June 2011	March 2011	December 2010
Total assets	\$ 948,909	\$ 936,910	\$ 933,289	\$ 911,332
Deduct: Securities borrowed	(156,929)	(175,472)	(184,217)	(166,306)
Securities purchased under agreements to resell and federal funds sold	(185,854)	(162,285)	(162,094)	(188,355)
Add: Financial instruments sold, but not yet purchased, at fair value	162,127	149,639	150,998	140,717
Less derivative liabilities	(66,004)	(47,492)	(51,391)	(54,730)
Subtotal	(246,660)	(235,610)	(246,704)	(268,674)
Deduct: Cash and securities segregated for regulatory and other purposes	(77,423)	(61,491)	(53,512)	(53,731)
Adjusted assets	\$ 624,826	\$ 639,809	\$ 633,073	\$ 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. 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			
	September 2011	June 2011	March 2011	December 2010
Total shareholders' equity	\$ 70,088	\$ 72,356	\$ 72,469	\$ 77,356
Deduct: Preferred stock	(3,100)	(3,100)	(3,100)	(6,957)
Common shareholders' equity	66,988	69,256	69,369	70,399
Deduct: Goodwill and identifiable intangible assets	(5,459)	(5,187)	(5,238)	(5,522)
Tangible common shareholders' equity	\$ 61,529	\$ 64,069	\$ 64,131	\$ 64,877

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

	As of			
	September 2011	June 2011	March 2011	December 2010
	(in millions)			
Common shares outstanding, including RSUs granted to employees with no future service requirements	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			
	September 2011	June 2011	March 2011	December 2010
Tier 1 capital	\$ 63,133	\$ 66,365	\$ 66,387	\$ 71,233
Deduct: Preferred stock	(3,100)	(3,100)	(3,100)	(6,957)
Junior subordinated debt issued to trusts	(5,000)	(5,000)	(5,000)	(5,000)
Tier 1 common capital	\$ 55,033	\$ 58,265	\$ 58,287	\$ 59,276