

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

(\$ in millions, except per share amounts)

The following table sets forth information on the firm's assets, shareholders' equity, leverage ratios, book value per common share and Tier 1 common ratio:

	As of						
	December 2009	September 2009	June 2009	March 2009	December 2008	November 2008	November 2007
Total assets	\$ 848,942	\$ 882,185	\$ 889,544	\$ 925,290	\$ 1,112,225	\$ 884,547	\$ 1,119,796
Adjusted assets ⁽¹⁾	546,151	556,229	553,021	535,901	726,242	528,292	745,825
Total shareholders' equity	70,714	65,354	62,813	63,553	63,054	64,369	42,800
Tangible equity capital ⁽²⁾	70,794	65,420	62,840	63,549	63,034	64,317	42,853
Leverage ratio ⁽³⁾	12.0 x	13.5 x	14.2 x	14.6 x	17.6 x	13.7 x	26.2 x
Adjusted leverage ratio ⁽⁴⁾	7.7 x	8.5 x	8.8 x	8.4 x	11.5 x	8.2 x	17.4 x
Common shareholders' equity	\$ 63,757	\$ 58,397	\$ 55,856	\$ 47,046	\$ 46,571	\$ 47,898	\$ 39,700
Tangible common shareholders' equity ⁽⁵⁾	58,837	53,463	50,883	42,042	41,551	42,846	34,753
Book value per common share	\$ 117.48	\$ 110.75	\$ 106.41	\$ 98.82	\$ 95.84	\$ 98.68	\$ 90.43
Tangible book value per common share ^{(5) (6)}	108.42	101.39	96.94	88.30	85.51	88.27	79.16
Risk-weighted assets (RWAs) ⁽⁷⁾	\$ 431,890	\$ 409,291	\$ 409,204	N.A.	N.A.	N.A.	N.A.
Tier 1 common ratio ⁽⁸⁾	12.2 %	11.6 %	10.9 %	N.A.	N.A.	N.A.	N.A.

⁽¹⁾ Adjusted assets excludes (i) low-risk collateralized assets generally associated with the matched book and securities lending businesses and federal funds sold, (ii) cash and securities segregated for regulatory and other purposes and (iii) goodwill and identifiable intangible assets which are deducted when calculating tangible equity capital. The following table sets forth the reconciliation of total assets to adjusted assets:

	As of						
	December 2009	September 2009	June 2009	March 2009	December 2008	November 2008	November 2007
Total assets	\$ 848,942	\$ 882,185	\$ 889,544	\$ 925,290	\$ 1,112,225	\$ 884,547	\$ 1,119,796
Deduct: Securities borrowed	(189,939)	(221,817)	(218,544)	(228,245)	(203,341)	(180,795)	(277,413)
Securities purchased under agreements to resell and federal funds sold	(144,279)	(142,589)	(138,339)	(143,155)	(129,532)	(122,021)	(87,317)
Add: Trading liabilities, at fair value	129,019	150,383	147,297	147,221	186,031	175,972	215,023
Less derivative liabilities	(56,009)	(64,040)	(68,151)	(90,620)	(121,622)	(117,695)	(99,378)
Subtotal	73,010	86,343	79,146	56,601	64,409	58,277	115,645
Deduct: Cash and securities segregated for regulatory and other purposes	(36,663)	(42,959)	(53,813)	(69,586)	(112,499)	(106,664)	(119,939)
Goodwill and identifiable intangible assets	(4,920)	(4,934)	(4,973)	(5,004)	(5,020)	(5,052)	(4,947)
Adjusted assets	\$ 546,151	\$ 556,229	\$ 553,021	\$ 535,901	\$ 726,242	\$ 528,292	\$ 745,825

(2) Tangible equity capital equals total shareholders' equity and junior subordinated debt issued to trusts less goodwill and identifiable intangible assets. The firm considers junior subordinated debt issued to trusts to be a component of its tangible equity capital base due to certain characteristics of the debt, including its long-term nature, the firm's ability to defer payments due on the debt and the subordinated nature of the debt in the firm's capital structure. The following table sets forth the reconciliation of total shareholders' equity to tangible equity capital:

	As of						
	December 2009	September 2009	June 2009	March 2009	December 2008	November 2008	November 2007
Total shareholders' equity	\$ 70,714	\$ 65,354	\$ 62,813	\$ 63,553	\$ 63,054	\$ 64,369	\$ 42,800
Add: Junior subordinated debt issued to trusts	5,000	5,000	5,000	5,000	5,000	5,000	5,000
Deduct: Goodwill and identifiable intangible assets	(4,920)	(4,934)	(4,973)	(5,004)	(5,020)	(5,052)	(4,947)
Tangible equity capital	<u>\$ 70,794</u>	<u>\$ 65,420</u>	<u>\$ 62,840</u>	<u>\$ 63,549</u>	<u>\$ 63,034</u>	<u>\$ 64,317</u>	<u>\$ 42,853</u>

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

(4) The adjusted leverage ratio equals adjusted assets divided by tangible equity capital. 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 and reflects the tangible equity capital deployed in the firm's businesses.

(5) 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 is meaningful because it is one of the measures that the firm and investors use to assess capital adequacy. The following table sets forth the reconciliation of total shareholders' equity to tangible common shareholders' equity:

	As of						
	December 2009	September 2009	June 2009	March 2009	December 2008	November 2008	November 2007
Total shareholders' equity	\$ 70,714	\$ 65,354	\$ 62,813	\$ 63,553	\$ 63,054	\$ 64,369	\$ 42,800
Deduct: Preferred stock	(6,957)	(6,957)	(6,957)	(16,507)	(16,483)	(16,471)	(3,100)
Common shareholders' equity	63,757	58,397	55,856	47,046	46,571	47,898	39,700
Deduct: Goodwill and identifiable intangible assets	(4,920)	(4,934)	(4,973)	(5,004)	(5,020)	(5,052)	(4,947)
Tangible common shareholders' equity	<u>\$ 58,837</u>	<u>\$ 53,463</u>	<u>\$ 50,883</u>	<u>\$ 42,042</u>	<u>\$ 41,551</u>	<u>\$ 42,846</u>	<u>\$ 34,753</u>

(6) The following table sets forth common shares outstanding, including RSUs granted to employees with no future service requirements:

	As of						
	December 2009	September 2009	June 2009	March 2009	December 2008	November 2008	November 2007
Common shares outstanding, including RSUs granted to employees with no future service requirements	542.7	527.3	524.9	(in millions) 476.1	485.9	485.4	439.0

(7) RWAs are calculated in accordance with the Federal Reserve Board's risk-based capital requirements.

(8) The Tier 1 common ratio equals Tier 1 capital less preferred stock and junior subordinated debt issued to trusts, 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. The following table sets forth the reconciliation of Tier 1 capital to Tier 1 common capital:

	As of						
	December 2009	September 2009	June 2009	March 2009	December 2008	November 2008	November 2007
Tier 1 capital	\$ 64,642	\$ 59,461	\$ 56,543	N.A.	N.A.	N.A.	N.A.
Deduct: Preferred stock	(6,957)	(6,957)	(6,957)	N.A.	N.A.	N.A.	N.A.
Junior subordinated debt issued to trusts	(5,000)	(5,000)	(5,000)	N.A.	N.A.	N.A.	N.A.
Tier 1 common capital	<u>\$ 52,685</u>	<u>\$ 47,504</u>	<u>\$ 44,586</u>	<u>N.A.</u>	<u>N.A.</u>	<u>N.A.</u>	<u>N.A.</u>