

Return on Average Common Shareholders' Equity (ROE) and Pro-Forma ROE

(\$ in millions)

Management believes that presenting an average of the firm's pro-forma ROE for the years ended December 2009 - December 2012 is meaningful because it shows the effect that a 47.3% ratio (the average pre-crisis (2000-2007) ratio) of compensation and benefits to net revenues (compensation and benefits ratio) would have on average ROE for the fiscal years subsequent to the financial crisis of 2008. Average pro-forma ROE is a non-GAAP measure and may not be comparable to similar non-GAAP measures used by other companies. The table below presents the firm's average ROE and average pro-forma ROE.

	Average for the Years Ended December 2009 – December 2012	
ROE ⁽¹⁾	12.1	%
Pro-forma ROE ⁽²⁾	9.1	%

⁽¹⁾ Average ROE is computed by taking an average of the ROE for each of the years ended December 2009 – December 2012. ROE is computed by dividing net earnings applicable to common shareholders by average monthly common shareholders' equity.

⁽²⁾ Average pro-forma ROE is computed by taking an average of the pro-forma ROE for each of the years ended December 2009 – December 2012. Pro-forma ROE is computed by dividing pro-forma net earnings applicable to common shareholders by pro-forma average monthly common shareholders' equity. The tables below present the reconciliation of net earnings applicable to common shareholders to pro-forma net earnings applicable to common shareholders and average common shareholder's equity to pro-forma average common shareholder's equity.

	Year Ended			
	December 2012	December 2011	December 2010	December 2009
Net earnings applicable to common shareholders, as reported	\$ 7,292	\$ 2,510	\$ 7,713	\$ 12,192
Decrease in net earnings as a result of using a 47.3% compensation and benefits ratio	(2,152)	(1,019)	(2,048)	(3,503)
Pro-forma net earnings applicable to common shareholders	<u>\$ 5,140</u>	<u>\$ 1,491</u>	<u>\$ 5,665</u>	<u>\$ 8,689</u>

	Average for the Year Ended			
	December 2012	December 2011	December 2010	December 2009
Average common shareholders' equity, as reported	\$ 68,138	\$ 68,718	\$ 67,300	\$ 54,164
Decrease in average common shareholders' equity as a result of using a 47.3% compensation and benefits ratio	(7,646)	(6,060)	(4,527)	(1,751)
Pro-forma average common shareholders' equity	<u>\$ 60,492</u>	<u>\$ 62,658</u>	<u>\$ 62,773</u>	<u>\$ 52,413</u>