

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				
	March 2010	December 2009	September 2009	June 2009	March 2009
Total assets	\$ 880,528	\$ 848,942	\$ 882,185	\$ 889,544	\$ 925,290
Adjusted assets ⁽¹⁾	548,503	546,151	556,229	553,021	535,901
Total shareholders' equity	72,944	70,714	65,354	62,813	63,553
Tangible equity capital ⁽²⁾	71,961	70,794	65,420	62,840	63,549
Leverage ratio ⁽³⁾	12.1 x	12.0 x	13.5 x	14.2 x	14.6 x
Adjusted leverage ratio ⁽⁴⁾	7.6 x	7.7 x	8.5 x	8.8 x	8.4 x
Common shareholders' equity	\$ 65,987	\$ 63,757	\$ 58,397	\$ 55,856	\$ 47,046
Tangible common shareholders' equity ⁽⁵⁾	60,004	58,837	53,463	50,883	42,042
Book value per common share	\$ 122.52	\$ 117.48	\$ 110.75	\$ 106.41	\$ 98.82
Tangible book value per common share ^{(5) (6)}	111.41	108.42	101.39	96.94	88.30
Risk-weighted assets (RWAs) ⁽⁷⁾	\$ 455,790	\$ 431,890	\$ 409,291	\$ 409,204	N.A.
Tier 1 common ratio ⁽⁸⁾	12.4 %	12.2 %	11.6 %	10.9 %	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				
	March 2010	December 2009	September 2009	June 2009	March 2009
Total assets	\$ 880,528	\$ 848,942	\$ 882,185	\$ 889,544	\$ 925,290
Deduct: Securities borrowed	(202,841)	(189,939)	(221,817)	(218,544)	(228,245)
Securities purchased under agreements to resell and federal funds sold	(166,368)	(144,279)	(142,589)	(138,339)	(143,155)
Add: Trading liabilities, at fair value	140,081	129,019	150,383	147,297	147,221
Less derivative liabilities	(53,861)	(56,009)	(64,040)	(68,151)	(90,620)
Subtotal	86,220	73,010	86,343	79,146	56,601
Deduct: Cash and securities segregated for regulatory and other purposes	(43,053)	(36,663)	(42,959)	(53,813)	(69,586)
Goodwill and identifiable intangible assets	(5,983)	(4,920)	(4,934)	(4,973)	(5,004)
Adjusted assets	\$ 548,503	\$ 546,151	\$ 556,229	\$ 553,021	\$ 535,901

(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				
	March 2010	December 2009	September 2009	June 2009	March 2009
Total shareholders' equity	\$ 72,944	\$ 70,714	\$ 65,354	\$ 62,813	\$ 63,553
Add: Junior subordinated debt issued to trusts	5,000	5,000	5,000	5,000	5,000
Deduct: Goodwill and identifiable intangible assets	(5,983)	(4,920)	(4,934)	(4,973)	(5,004)
Tangible equity capital	\$ 71,961	\$ 70,794	\$ 65,420	\$ 62,840	\$ 63,549

(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 and tangible book value per common share are meaningful because they are 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				
	March 2010	December 2009	September 2009	June 2009	March 2009
Total shareholders' equity	\$ 72,944	\$ 70,714	\$ 65,354	\$ 62,813	\$ 63,553
Deduct: Preferred stock	(6,957)	(6,957)	(6,957)	(6,957)	(16,507)
Common shareholders' equity	65,987	63,757	58,397	55,856	47,046
Deduct: Goodwill and identifiable intangible assets	(5,983)	(4,920)	(4,934)	(4,973)	(5,004)
Tangible common shareholders' equity	\$ 60,004	\$ 58,837	\$ 53,463	\$ 50,883	\$ 42,042

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

	As of				
	March 2010	December 2009	September 2009 (in millions)	June 2009	March 2009
Common shares outstanding, including RSUs granted to employees with no future service requirements	538.6	542.7	527.3	524.9	476.1

(7) 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 I).

(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				
	March 2010	December 2009	September 2009	June 2009	March 2009
Tier 1 capital	\$ 68,472	\$ 64,642	\$ 59,461	\$ 56,543	N.A.
Deduct: Preferred stock	(6,957)	(6,957)	(6,957)	(6,957)	N.A.
Junior subordinated debt issued to trusts	(5,000)	(5,000)	(5,000)	(5,000)	N.A.
Tier 1 common capital	\$ 56,515	\$ 52,685	\$ 47,504	\$ 44,586	N.A.