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WACC Review

Bank of America Corp (BAC)

Values in Millions except per share amounts

Overrides are currently inactive

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	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	Current
Cost of Equity Capital according to the Capital Asset Pricing Model (CAPM)															
Risk-Free Rate (30-yr Treasury)	5.58%	5.87%	5.94%	5.49%	5.39%	4.96%	5.05%	4.65%	4.88%	4.83%	4.28%	4.07%	4.24%	3.91%	3.66%
Beta Adjusted	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Equity Risk Premium	4.83%	4.83%	4.83%	4.83%	4.83%	4.83%	4.83%	4.83%	4.83%	4.83%	4.83%	4.83%	4.83%	4.83%	4.83%
Cost of Equity	15.24%	15.53%	15.60%	15.15%	15.05%	14.62%	14.71%	14.31%	14.54%	14.49%	13.94%	13.73%	13.90%	13.57%	13.32%
Market Value of Equity	\$104,148.77	\$86,628.44	\$75,536.83	\$100,402.73	\$105,749.18	\$115,911.19	\$176,612.38	\$185,000.95	\$241,677.15	\$182,516.87	\$70,645.49	\$130,272.67	\$134,535.97	\$58,579.82	\$104,640.79
Equity Per Total Adjusted Capital	100.00%	100.00%	100.00%	94.84%	95.23%	94.32%	96.67%	96.81%	96.92%	94.35%	85.31%	89.89%	91.29%	82.16%	89.07%
Weighted Cost of Equity Capital	15.24%	15.53%	15.60%	14.37%	14.33%	13.79%	14.22%	13.85%	14.09%	13.67%	11.89%	12.34%	12.69%	11.15%	11.86%
Cost of Debt Capital															
Risk-Free Rate (30-yr Treasury)	5.58%	5.87%	5.94%	5.49%	5.39%	4.96%	5.05%	4.65%	4.88%	4.83%	4.28%	4.07%	4.24%	3.91%	3.66%
Debt Spread	2.49%	2.49%	2.49%	2.49%	2.49%	2.49%	2.49%	2.49%	2.49%	2.49%	2.49%	2.49%	2.49%	2.49%	2.49%
Cash Tax Rate	35.82%	35.56%	35.91%	34.42%	31.40%	31.00%	32.09%	32.80%	33.42%	30.96%	25.12%	21.40%	10.00%	3.33%	3.33%
Cost of Debt After Tax	5.18%	5.39%	5.40%	5.23%	5.41%	5.14%	5.12%	4.80%	4.91%	5.05%	5.07%	5.16%	6.06%	6.19%	5.94%
Adjusted Total Debt	\$0.00	\$0.00	\$0.00	\$5,458.31	\$5,301.56	\$6,981.69	\$6,081.38	\$6,093.89	\$7,676.02	\$10,929.18	\$12,162.93	\$14,654.50	\$12,838.73	\$12,724.09	\$12,846.34
Debt Per Total Adjusted Market Capital	0.00%	0.00%	0.00%	5.16%	4.77%	5.68%	3.33%	3.19%	3.08%	5.65%	14.69%	10.11%	8.71%	17.84%	10.93%
Weighted Cost of Debt After Tax	0.00%	0.00%	0.00%	0.27%	0.26%	0.29%	0.17%	0.15%	0.15%	0.29%	0.74%	0.52%	0.53%	1.10%	0.65%
Cost of Preferred Capital - Currently given no weighting in the WACC calculation.															
Preferred Dividends	\$25.00	\$6.00	\$6.00	\$5.00	\$5.00	\$4.00	\$16.00	\$18.00	\$22.00	\$182.00	\$1,452.00	\$8,480.00	\$1,357.00	\$1,361.00	\$1,361.00
Preferred Capital	\$83.00	\$77.00	\$72.00	\$65.00	\$58.00	\$54.00	\$271.00	\$271.00	\$2,851.00	\$4,409.00	\$37,701.00	\$37,208.00	\$16,562.00	\$18,397.00	\$18,397.00
Cost of Preferred Capital	10.00%	7.79%	8.33%	7.69%	8.62%	7.41%	5.90%	6.64%	1.00%	4.13%	3.85%	10.00%	8.19%	7.40%	7.40%
WACC (Weighted Average Cost of Capital)	15.24%	15.53%	15.60%	14.64%	14.59%	14.08%	14.39%	14.01%	14.24%	13.96%	12.64%	12.86%	13.22%	12.25%	12.51%
Enterprise Value and Economic Book Value Components															
Stock Price (closing)	\$30.06	\$25.10	\$22.94	\$31.48	\$34.78	\$40.22	\$46.99	\$46.15	\$53.39	\$41.26	\$14.08	\$15.06	\$13.34	\$5.56	\$9.75
Shares Outstanding	3,464.1	3,452.0	3,292.8	3,189.9	3,040.1	2,882.3	3,758.5	4,008.7	4,526.6	4,423.6	5,017.4	8,650.2	10,085.2	10,535.9	10,732.4
Market Value of Equity	104,148.8	86,628.4	75,536.8	100,402.7	105,749.2	115,911.2	176,612.4	185,001.0	241,677.1	182,516.9	70,645.5	130,272.7	134,536.0	58,579.8	104,640.8
Adjusted Total Debt	0.0	0.0	0.0	5,458.3	5,301.6	6,981.7	6,081.4	6,093.9	7,676.0	10,929.2	12,162.9	14,654.5	12,838.7	12,724.1	12,846.3
Preferred Capital	83.0	77.0	72.0	65.0	58.0	54.0	271.0	271.0	2,851.0	4,409.0	37,701.0	37,208.0	16,562.0	18,397.0	18,397.0
Minority Interests	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Value of Outstanding ESO After Tax	1,505.8	1,091.2	890.5	1,794.1	2,280.8	2,303.0	2,752.6	2,166.7	2,326.5	1,017.5	43.9	25.6	6.3	0.0	0.7
Pensions Net Funded Status	588.0	1,177.0	9.0	(621.0)	(1,638.0)	(1,136.0)	(1,587.0)	(994.0)	13,496.0	1,804.0	(2,020.0)	(617.0)	(427.0)	(1,387.0)	(1,387.0)
Excess Cash	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Unconsolidated Subsidiary Assets (non-operating)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Adjusted Net Assets from Discontinued Operations	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Enterprise Value	\$105,149.58	\$86,619.68	\$76,490.36	\$108,341.14	\$115,027.53	\$126,385.86	\$187,304.34	\$194,526.56	\$241,034.65	\$197,068.51	\$122,573.34	\$182,777.77	\$164,370.02	\$91,087.91	\$137,271.80
Enterprise Value Per EBITDA	9.13	6.19	5.56	8.49	8.66	7.60	7.98	7.52	6.76	8.15	14.74	10.69	9.78	(30.16)	(45.45)
Enterprise Value To Revenue	3.34	2.66	2.32	3.09	3.27	3.26	3.67	3.40	3.30	2.97	1.68	1.53	1.49	0.97	1.47
FCF Yield	-	7.5%	8.4%	1.8%	6.8%	6.6%	(19.3%)	5.2%	(5.5%)	4.7%	(32.5%)	(22.2%)	0.5%	(17.5%)	(11.7%)
FCF (Free Cash Flow)	-	\$6,481.44	\$6,392.35	\$1,904.17	\$7,796.68	\$8,348.92	(\$36,062.06)	\$10,151.32	(\$13,277.36)	\$9,337.82	(\$39,868.72)	(\$40,505.27)	\$747.92	(\$15,959.66)	(\$16,105.40)
Maximum Loss Exposure from Special Purpose Entities	-	-	-	-	-	-	-	-	-	-	-	92,397.0	100,366.0	9,657.0	9,657.0
Economic Book Value (EBV)	\$39,060.86	\$48,247.24	\$48,317.93	\$43,689.80	\$49,804.42	\$63,253.82	\$111,640.79	\$107,845.73	\$163,312.19	\$113,370.70	\$67,173.98	\$144,192.52	\$17,410.11	(\$136,201.36)	(\$134,347.97)