EXHIBIT C

The Benefits to Fifth Third Bancorp Employees Attributable to Non-Monetary Relief in the (Proposed) Settlement Related to the Fifth Third Bancorp 401(k) Savings Plan

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The purpose of this report is to assess the benefit received by the employees of Fifth Third Bancorp (hereafter, the "Company") from the non-monetary relief agreed to in the Stipulation of Settlement ("Settlement Agreement")[1] executed on January 15, 2016, pertaining to, among other things, the rules regarding their investments in the Company Stock in the Fifth Third Bancorp 401(k) Savings Plan (the "Plan"). I restrict my comments here to the non-monetary relief indicated in the Settlement Agreement, as outlined in Section 7.4.(1-5). These items primarily relate to the freezing of the Fifth Third Stock Fund as an investment vehicle for the Plan, prohibiting future contributions into the vehicle by current and future employees, permitting transfers of account balances out of that vehicle and permitting only the reinvestment of dividends within that vehicle; the Settlement Agreement also provides that the Company might elect to reduce or eliminate the Fifth Third Stock Fund, and that the Company will develop a strategy to educate participants regarding the benefits of diversification and asset allocation. Other items (7.4.2 to 7.4.5) relate to changes in vesting schedules and steps to be taken in communicating to targeted employees.

Valuation of Benefits to Participating Employees in the Plan

Non-Monetary Relief Outlined in Sections 7.4.1a-g of the Settlement Agreement

As an initial matter, the proposed changes to the Plan terms in section 7.4.1 of the Settlement Agreement, that provide that the Fifth Third Stock Fund will be frozen to future contributions, leads to the prospect of giving more freedom of choice to participants in divesting and reallocating their Company Stock Fund holdings. In order to make an acceptable estimate of the value of these changes, we would need detailed data on the holdings of the participants, the current and intended allocation defaults they might have set for contributions directed to the Company Stock Fund, and make several additional assumptions; lacking these data we are unable to place a precise monetary figure on these changes. Nonetheless, these changes are in my opinion very positive measures.

Additionally, there is the prospect of benefits accruing from the improved communications and education of employees provided for in Section 7.4.1(g) of the Settlement Agreement. Per that section, the Company will develop a communications strategy to "educate participants" about the changes that are proposed in the Settlement Agreement and the benefits of diversification and improved asset allocation.

[1] Capitalized terms not otherwise defined herein have the meanings ascribed to them in the Settlement Agreement. *See* Dkt No. 131-3.

It is difficult to put an exact dollar figure of the benefits that this communications strategy will confer on the current and future employees of the Company. To do so precisely would be nearly impossible, for we would need estimates of the effectiveness of the strategy: how and to what extent it might affect the decision-making of the employees, and an estimate of their tastes and preferences.

We can however learn from the empirical evidence on largely suboptimal decisions taken by employees: they fail to invest in 401(k) plans and thus fail to receive the Company matching contribution – an indication of the lack of financial literacy among participants in 401(k) plans in the U.S. In the field of "behavioral finance", the observation of this inertial behavior in the face of the incentive from a match of savings for retirement is coupled with the (well-known but) equally puzzling behavior of participants who *failed to diversify their savings portfolios*, many of which had lop-sided holdings of their own employer's company stock, across a broader list of investment choices, even when these are available and the restriction is lifted. Put another way, it appears that most investors lack the financial know-how to diversify away from highly concentrated portfolios (which offer a low return for their generally sizable risk) into available well-diversified funds (which offer a higher return for the same risk level, or the same low return at a much lower risk level)! There are efforts underway to improve the financial literacy of investors, and equally importantly, to raise the professionalism among financial advisors – and this communications strategy is rightly seen as part of that necessary and commendable effort.

In an effort to estimate the dollar value of the benefits of this financial education, I made the following assumptions regarding its penetration and efficacy, and used existing asset pricing models (which required assumptions of their own):

1. I assumed that the existing holdings of the Company Stock Fund were restricted prior to January 14, 2016, in the sense that a participant could not sell his ownership stake until he reached 55 years of age; and that the settlement agreement would *unlock* these holdings for all participants on that date. (This is counterfactual, and an assumption that is made *solely* in order to assess the benefit of the financial education effort). The portfolio allocation of the average participant would then be lop-sided and suboptimal: an improved risk return tradeoff would be feasible only if he was advised to move to an improved optimal portfolio but at the same level of risk.

2. I assumed that the average age of the current participants was 44, and that subsequent to the unlock date, the average participant would reallocate fully to the optimal asset allocation that gave him the highest return for the level of risk held prior to the hypothetical unlock. I also assumed, not having finer data on participants' holdings, that on average, their holding in Company Stock would represent 5% of their retirement wealth in the Plan.

3. Capital Market assumptions: in order to use the asset pricing model I needed several technical assumptions that I will summarize here without further elaboration. I used a Company beta (systematic risk) estimate for FITB of 1.112, given by Bloomberg on 14 Jan 2016; a standard deviation of 45% for the Company Stock and 18% for the S&P500 Index, which I chose to represent the alternative well-diversified portfolio that an employee investor would reallocate to, after the hypothetical unlock. I assumed that the risk premium on this well-known benchmark Index was 6% per year, going forward. In my view these are reasonable assumptions.

Based on these assumptions, I computed that the potential *aggregate benefit to all employee-participants* the hypothetical unlock would be approximately $16 million.

This figure should be tempered with many grains of salt; the most important assumption among the many made is that all of the participants would totally and immediately absorb the financial education and move to their first-best, optimal portfolio. Based on my 36 years of teaching students who go on to be professionals in finance, I would prefer to use the assumption that 10-20% of the participants absorbed the messages in the proposed financial education strategy, and do so over time and after experiencing future business cycles which provide additional education.

So, if we take the aggregate benefit of an immediate educated move to the first-best optimal portfolio to be $16 million, but we apply it to only 10-20% of the participants, my estimate of the dollar value of the benefits to educating the Plan participants (following clause 7.4.1(g) of the Settlement Agreement) would be **$1.6 to $3.2 million.** I consider this range to be a reasonable and conservative estimate of the value of the proposed changes in the Settlement Agreement related to the improved education of Plan participants.

Non-Monetary Relief Outlined in Sections 7.4.2-5

Sections 7.4.2-5 of the Settlement Agreement speak to other forms of non-monetary relief. In particular, these sections provide the following:

1. Changes to the Vesting Procedures of participants (Section 7.4.2);

2. A commitment to make the Company Match Contribution in cash for at least 8 years (Section 7.4.3);

3. Increased financial education and monitoring of those participants whose holding of Company Stock exceeds 20% of their retirement assets (Section 7.4.4); and

4. Improved fiduciary training for Committee members of the various plans (Section 7.4.5).

In my opinion, these are all valuable steps that will improve the benefits accruing to Plan participants. Changes to vesting will enable affected participants to improve asset allocation and retirement planning, but without detailed information on their ages, their salaries, preferences and retirement wealth levels we cannot put a dollar value to the changes mentioned in Section 7.4.3. The change to the form of the contribution is not currently a change that needs assessment as it is already done; it is difficult to place a value on a change that might occur when the sunset provision of 8 years ends, as stated in Section 7.4.4. The changes mentioned in Section 7.4.5, applying to those whose fractional holdings of Company Stock exceed 20% of their account are educational benefits whose value is, in my view, smaller and perhaps subsumed in my assessment of the value of the other educational benefits discussed earlier.

In my opinion, all the relief measures mentioned in Sections 7.4.2-5 will add – they cannot reduce – the value of the overall benefits from the Settlement Agreement, even if we cannot place a monetary valuation on each of them.

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REFERENCES

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