Good morning. In my previous presentation to investors, I discussed our focus on driving returns in a challenging macroeconomic environment. At the same time, I emphasized the need to protect our ability to provide significant upside to our shareholders as the economic cycle turns.

The basis for meeting these goals rests on a strong financial profile and a sustained operating discipline. Our capital and liquidity levels help ensure stability during periods of market stress and position the firm to add value to our clients when they need it most. And, generating operating efficiency has bolstered our capacity to improve returns consistently, despite the lackluster operating environment of recent years.

While the global economy continues to have its share of challenges, conditions at this point are more conducive for our set of businesses than in recent memory. CEO confidence is up as is consumer sentiment. Job growth in the U.S. is strong and prospects for above trend GDP growth are good. More than six years after the financial crisis, we are finally seeing dispersion in central bank policies, which, over time, may contribute to more normalized markets and levels of volatility.
Against this backdrop, I want to review three areas today. First, our financial strength and the benefits embedded in our business model. Second, our operating strategy in the recent environment and how we think about maximizing shareholder value. And finally, a review of our businesses with a focus on their competitive positions and opportunities for growth.

**Slide 2: Significantly Improved Financial Profile**

Since the end of 2007, our balance sheet is down by nearly one-quarter, while our equity is up 85%. As a result, gross leverage has been cut by more than half. Our liquidity is three times higher, representing more than one-fifth of our total balance sheet. And, while many may have lost interest in Level Three assets, we still watch them very closely. They are down nearly 40%.

Our capital ratios and liquidity measures have improved across the board. As a result, we have demonstrated our ability to meet or exceed the requirements of various regulations, including Basel III Capital, Supplementary Leverage, and Liquidity Coverage.

**Slide 3: Institutional Focus**

The combination of a solid financial foundation and a focused operating strategy provides clarity of purpose and the ability to adapt quickly. Our balance sheet is less than half the size of the U.S. peer average. And, our total employee base is less than 20% of the average. We are an institutional firm, with a broad range of services within that client segment. For us, retail largely means high net worth individuals, with an average account size of more than $40 million. In short, we are not simple, but we are simpler.
**Slide 4: Diversified Client-Driven Franchise**

Our strong and stable financial footing has given us the wherewithal to stay committed to our core set of businesses over the cycle. We work with thousands of companies, institutions, investing entities, governments and high net worth individuals around the world. Partly because we have remained focused on executing our strategy through our core businesses, we have grown our client franchise over the last several years. Institutional Client Services, for example, has seen a 12% increase in active clients since 2010.

Our mix of businesses reflects the diverse needs of our client franchise. And, the products and services we provide produce a diverse and balanced revenue stream.

**Slide 5: Case Study: Institutional Client Services**

In this regard, let me focus on Institutional Client Services. A decade ago, we merged the fixed income and the equities businesses under a single leadership structure. This decision reflected a growing trend among our clients to think and execute across products and asset classes.

So, it became increasingly important for our people in the equities business to understand what was happening in fixed income markets and vice versa.

Enhanced understanding of broader markets and greater connectivity internally also contributed to better revenue stability. The following chart shows the range of annual revenue contribution of our different products since 2010. Our businesses have components that are naturally impacted by different market and macro trends. You can see that the range of contribution varies year to year, as strength in one area offsets weakness in another. But, importantly, no business has contributed more than 21% or less than 4% of revenues on an annual basis.
Slide 6: Variable Cost Structure

In addition to better revenue stability, we have benefitted from a variable cost structure. We have long had a "pay for performance" culture. This chart depicts the strong correlation between the firm’s performance and its levels of compensation.

To me, this graph underscores the value of a true partnership culture. Culture is not pre-ordained or guaranteed in perpetuity. Since we became a public company, we have invested enormous time and resources to sustain our culture. Rigorous partner selection and how we structure compensation reinforce an ethos of long-term ownership.

Slide 7: Superior Earnings Performance and Stability

The combination of a diverse set of businesses, effective risk management, and a "pay for performance" culture has produced a track record of lower earnings volatility than peers. Between 2005 and 2014, Goldman Sachs’ earnings volatility averaged roughly 50% vs. 130% for peers.

Our relative earnings stability is critical to our ability to out-perform throughout the cycle. We performed when conditions were challenged and clients were more risk-averse and we also performed when the environment was more favorable.
Slide 8: Improvement of Absolute Performance

Despite a challenging operating environment, we have continued to deliver best-in-class performance. Against the backdrop of relatively consistent revenues, we have performed well across several key metrics.

 Compared to 2012, earnings per share is 21% higher. Book value per share is 13% higher. Our common stock dividend has grown nearly 30%. And, we have returned $16 billion via share repurchases. At the same time, we have also improved our common equity capital ratio by roughly 200 basis points.

Slide 9: Net Revenue Replacement

Net revenues were flat over the past three years. But, that's not the story. Our revenues were flat because we grew them. Let me explain.

Since 2012, we undertook several strategic initiatives to respond to new regulations, including higher capital requirements. We sold our Americas Reinsurance business. We sold our European Insurance business – and we liquidated our investment in ICBC. We also sold our Hedge Fund administration business and our REDI platform.

In 2012, these businesses and investments produced $2.3 billion in net revenue. So, on a “like-for-like” basis, revenues in 2014 were about $2.7 billion higher than 2012. That growth, in large part, came from Investment Management and Investment Banking.
Slide 10: Improved Operating and Capital Efficiency

We have also grown revenues while managing expenses and capital. Our average compensation ratio from 2009-2014 is more than 900 basis points lower than it was pre-crisis, despite a tougher revenue environment.

We were equally focused on capital efficiency. We developed technology to help inform our capital allocation. The combination of our profitability and risk management allowed us to pay out roughly 70% of our earnings since 2009 and share count has declined by 17%. Since the end of 1999, our share count is 7% lower, while our common equity is actually more than 7 times higher.

These efforts not only protected near-term returns, they have also positioned the firm to benefit from operating leverage when the environment improves.

As the cycle turns, our strategic focus shifts to growing revenues, margin expansion and the ability to deliver greater operating leverage to our shareholders. Our culture, relative size and focused set of businesses have allowed us to adapt and be nimble through the cycle.

I’ll now review our businesses and opportunities.
In Investment Banking, we have the preeminent franchise. We advised on more than $1 trillion of announced transactions last year, the highest level since 2007. We have consistently maintained a leading market share over the last 25 years. We maintained our market position when M&A activity was dominated by Technology in the late 90s, when it was Financials in 2008 and when it was Natural Resources in 2014. And, we have maintained our position when volumes were low and when they were higher. Our performance carries through to different industries, market environments and regions.

Our success is rooted in decades of investment, consistency of coverage and a broad client franchise by both industry and geography.

We see a number of growth opportunities on the horizon. First, global economic growth continues to be the biggest driver of the opportunity set. Global M&A volume as a percentage of market cap is roughly 100 basis points below the 15 year average. Returning to the historical average would drive $630 billion of incremental M&A volume. We are particularly well-positioned for growth in cross-border activity given our global footprint. And, we believe that the demand for funding and capital remains highly correlated to economic growth and broader corporate activity.
Slide 12: Institutional Client Services

We benefit from having both a leading fixed income franchise and a leading equities franchise. And, we have a global footprint. While having a diversified mix of businesses supports revenue stability, it is also crucial to driving stable and attractive margins. We also have a balance of activities and products that are “high” capital and “low” capital intensive.

Institutional Client Services is one of our most dynamic businesses. It has always been in a state of evolution. The introduction of new regulations has accelerated the evolution in certain areas, including market structure. As a consequence, the value placed on adaptability and operational excellence has significantly grown.

More intense regulatory and technology requirements have raised the barriers to entry higher than at any other time in modern history. This is an expensive business to be in if you don’t have the market share and scale. Consider the numerous business exits that have been announced by our peers, as they reassess their competitive positioning and relative returns.

Longer term, we believe that the value being placed on liquidity provisioning is likely to grow. This provides an opportunity for market share expansion for those firms with strong, global and stable franchises. Technological innovation will continue to be important and may increasingly become a differentiator for competitors and a potential driver of new or incremental revenues. Going forward, we believe that these requirements will likely lead to only a handful of players being able to effectively compete on a global basis.
Slide 13: Investing and Lending

Another core part of our mission and strategy is to provide promising businesses with the capital they need to grow. Sometimes that means offering a loan and other times it means making an equity investment. We are able to leverage our global investor network and invest alongside these clients in industries that create jobs and promote economic growth. These include major infrastructure projects, clean energy and technology companies, and cutting-edge health care businesses. More than $15 billion of debt and equity capital was committed in 2014 to fund these companies.

Our ability to provide equity capital has been important to growing companies. We have a diversified portfolio of companies which helps drive strong performance for our co-investors and shareholders. For example, between 2012 and 2014, we distributed more than $40 billion to co-investors. And generally, our co-investors are also clients of other parts of the firm, whether that is Investment Banking, Institutional Client Services or Investment Management.

We will continue to invest and grow our existing investment strategies. At the same time, we will seek growth in new regions and across new strategies.
Slide 14: Investing and Lending

Lending has become an increasingly important part of our strategy as it relates to Corporate and Private Wealth clients. While some of these loans are dilutive to returns on a stand-alone basis, we actively monitor our activities and look for ancillary revenues to support the underlying economics of these lending decisions.

Our lending is diversified among Corporates, Real Estate and Private Wealth clients. Our Private Wealth commitments and lending portfolio have been a particular source of significant growth. The portfolio benefits from both overcollateralization and the fact that borrower credit quality for our average Private Wealth client is extremely high.

We see an opportunity to continue to grow our lending activities in ways that are accretive to current returns. Over the past several years, we’ve made great strides in this business, growing lending by roughly 100%. As we grow, we maintain our same conservative and rigorous risk management policies to ensure quality and prudence.
Slide 15: Investment Management

We have made significant progress in our Investment Management business over the last few years. Assets under supervision have grown 32% since 2011 to nearly $1.2 trillion at the end of 2014. Still, Goldman Sachs is only the 10th largest active asset manager globally, so there is significant room for growth across all of our businesses. Within fixed income, we are a third of the size of the largest peer. Within equities, we are just a quarter of the size of our largest competitor. And for alternatives, we are two-thirds the size.

We remain focused on delivering strong performance for clients, which has already driven meaningful growth. At the end of last year, 83% of our client mutual fund assets ranked in the top two quartiles on a 3-year basis, and 75% ranked in the top two quartiles on a 5-year basis. In 2014, Investment Management attracted over $85 billion in fee-based assets organically.

We also see attractive opportunities to expand our Private Wealth Management platform. Among the distinguishing characteristics of this franchise is its connectivity to our investment banking efforts, which serves as an important sourcing mechanism. For example, the opportunity for our Private Wealth clients to invest in Facebook and Uber originated from a banking relationship.

We continue to invest in long-term strategic initiatives, like Advisory, Defined Contribution, Insurance and Private Banking. We have also looked for accretive acquisitions, having recently bought Deutsche Asset & Wealth Management Stable Value and Dwight Asset Management. Performing for our clients and expanding our product offerings will help support continued growth going forward.
Slide 16: Culture

As I suggested earlier, we believe our culture, stability and talent pool are our biggest competitive advantages. And, we place a huge priority on preserving and enhancing a tangible environment of teamwork, client focus and long-term stewardship. I am proud that these attributes are as strong and vibrant as ever.

In terms of recruiting, in 2014, nearly 270,000 applicants applied for 8,300 positions. And of those receiving offers, nearly 90% chose to come to Goldman Sachs.

We recently announced our newest class of 78 partners. The rigor and focus surrounding this biennial process is intense and that investment continues to pay dividends. The partnership is vital to helping ensure a real sense of long-term ownership.

Just last week, we held our global partner off-site, where we focused on the significant opportunities for our businesses.

For all of our people, we continue to invest in a workplace environment, including programs and training, which has consistently earned the firm recognition as one of the most attractive places to work.

Slide 17: Conclusion

Over the last few years, we have protected and expanded our client franchise across each of our businesses. Our client franchise today is as strong as ever. We have transformed the financial profile of the firm. We have been proactive in managing our cost structure. We have significantly adjusted both compensation levels and fixed expenses.
We have been judicious managers of capital. We have maintained our culture of client service and partnership.

We remain the employer of choice in our industry. And finally, we have positioned the firm to provide operating leverage to shareholders as the economy and opportunity set improves.

Thank you and I would be happy to take any questions.